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Financing War Contract Terminations

Estimated war contract terminations are running now at the rate of perhaps one and one-half billion dollars per month, according to George S. Dively, Secretary - Treasurer of the Harris - Seybold - Potter Company, Cleveland, in a paper presented April 3rd before the Fourth War Conference of Controllers, at the Waldorf - Astoria. Speaking on the subject of Termination Financing, he estimated that cancellations at the end of the war may amount to $75 billion, with resulting cancellation claims estimated at $15 billions.

George S. Dively

Mr. Dively stated that there are

(Continued on page 1616)

In This Issue

Special material and items of interest with reference to dealer activities in the States of Connecticut, Michigan and Missouri appears in this issue.

For Connecticut see page 1618; Michigan see page 1619; Missouri see page 1618.

General index on page 1632

Commodity Price Regulation And Reconversion

By Dr. RAY B. WESTERFIELD

Professor of Political Economy, Yale University
Member Economists' Committee on Reconversion Problems

Dr. Westerfield Declares That General Inflation Due To An Excessive Supply Of Money Cannot Be Obviated By Price Control And Rationing Devices In Time Of Peace

Next to winning the war with maximum possible speed and with minimum possible sacrifice of life, limb and treasure, the problem of greatest concern to our people is the reconversion of our economy from the wartime to a peacetime basis. The intense interest in this subject is evident in the universality of so-called "postwar planning" by private industry, both as individuals and associations, and by government, of city, state and nationwide scope.

Dr. R. B. Westerfield

Among the reconversion plans that are bound to exert profound influence upon the reconversion principles and technique, as well as upon the character of the postwar economy, are the Baruch-Hancock "Report on War and Postwar Policies" and the "Report of the (Senate's) special Committee on Postwar Economic Policy and Planning."

In both of these reports, however, there is one striking omission, namely, that nothing is said specifically about the abandonment of the war-time price-controls—nothing as to the extent, timing, methods or principles that

(Continued on page 1623)

The Outlook For Rails Now And In The Post-War Period

By W. WENDELL REUSS*

Broker Foresees Eventual Return Of Investor Confidence In Railroad Securities To The Extent Where They Will Again Command The Same High Respect And Compensatingly Low Yields As Experienced In Yesteryear

There are available many bases from which a forecast of railroad freight revenues can be made; some of the data which could be used include such well-known statistical factors as automobile output, steel ingot and electric kilowatt-hour production, retail sales, construction activity, and farm implement output—to mention a few.

W. Wendell Reuss

The writer holds that basically the automobile industry is more fundamental, for, after all, before an automobile has left the assembly line—ready for sale at retail—numerous lines of industry and employment have been created by the process of manufacture of A CAR!

First of all, iron ore must be mined, primarily in the Missabe

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*The substance of an address delivered by Mr. Reuss at a meeting of the Association of Customers' Brokers on April 11, 1944.

(Continued on page 1628)

Future of Air Transport

By RALPH S. DAMON*

Vice-President of American Air Lines

Airline Executive Envisages Six Mile A Minute Flying Speed Which Will Permit Non-Stop Flight From New York To Chicago In Two Hours

In the days of early air transportation whenever an airline was started it was the result of a combination of imagination and gullibility, the imagination being supplied by the flying men and the engineers while the gullibility was contributed by the angel who apparently was either touched in the head or just didn't care what happened to his money. For hundreds of years our accepted means of travel had been confined to land and water so if the then novel form of transportation was to succeed countless obstacles had to be overcome.

Ralph S. Damon

The embryonic development of those early airlines frequently followed a pattern such as this. One or two fliers whose equipment consisted of an airplane or two purchased from the Government at the close of World War I would fly curious people each Sunday from county fair grounds at $5 a head. Their income was purely problematical but their imaginations were certainly substantial. Those men reasoned that if there were people who would pay to fly from a fair ground and land right back where they started, 10 minutes later, there must be people who would pay to fly between two given points provided they could be assured of regular service.. Most of those visionary men were stymied when it came to

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*An address delivered before the New York Society of Security Analysts, Inc., on April 10, 1944.

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Should Price Fixing And Rationing Be Extended Into The Post-War Period?

By Dr. FREDERIC EDWARD LEE

Professor of Economics, University of Illinois; Member Economists' National Committee on Monetary Policy; formerly American Financial Trade Commissioner, American Embassy, London; sometime American Economist Consul at Shanghai and Peking

Dr. Frederic E. Lee

The answer to the question as to whether price fixing and rationing should be extended into the post-war period and, if so, how far, depends upon a number of factors. In the first place a question of paramount importance is "For what purpose or purposes are such controls to be exercised, if extended?" If the purpose of such controls is to extend or create a government-controlled economy under bureaucratic domination for an indefinite period, or to bring about thereby a measure of redistribution of wealth, then perhaps we had better take our chances on an early return to a system of free enterprise where prices are allowed to perform their normal economic function of equating supply and demand. Or, as Dean Wm. F. Hauhart recently pointed out in "The Commercial and Financial Chronicle" (Nov. 11, 1943), the price system in a free economy furnishes a "mechanism for ascertaining the wants of the citizens" of a country, and "a mechanism to organize production according to these wants as . . . determined by their bids in the market."

Real Purposes Important

If, on the other hand, the purpose of price fixing and rationing for a reasonable time after the end

(Continued on page 1617)

Why Interest Rates Remain Low

Stephen M. Foster, Economic Advisor to the New York Life Insurance Co., presented to the Mortgage Bankers Association of America at its Second Mortgage Clinic of 1944, held at the Biltmore Hotel, New York City, on April 14, a detailed analysis of the conditions which affect the rise and fall of long-term and short-term interest rates. After pointing out the fact that "there never has been a time in the history of the world when any country has raised as much new money as the $142 billions that have been raised in this country during the past thirty-nine months," without causing a financial debacle of some kind or a tightening of interest rates, Mr. Foster ascribed the "very fundamental ease in money conditions" to, first, the maintenance of excess bank reserves despite heavy war financing, and secondly, of still greater importance, the existence of a large amount of cash bank deposits available for investment.

Stephen Foster

"A few years ago," Mr. Foster stated, "most of us were accustomed to thinking of financing operations in terms of one great reservoir of funds, and most of us did not stop to define this reservoir except to consider in a general way that it was represented by the country's monetary and banking system. Of recent months, however, the Government has definitely delineated between the sale of its securities to commercial banks and the sale of its securities to investors other than banks. Little by little, therefore, we have become conscious of the fact that there are two great reservoirs of

(Continued on page 1619)

NSTA Annual Meeting To Be Held In Chicago

CHICAGO—This year's annual business meeting of the National Security Traders Association, Inc., will be held in the Palmer House, Chicago, Aug. 25 and 26, according to an announcement by Wm. Perry Brown, Newman, Brown & Co., New Orleans, Association president. Edward H. Welch, Sincere and Company, Chicago, and Association secretary, has been named chairman of the committee on arrangements. Meetings of the group's municipal and corporate committees have also been scheduled during the two-day session.

Wm. Perry Brown

Edward H. Welch

J. H. Evans Now With Florida Securities

ST. PETERSBURG, FLA. — J. Herbert Evans has become associated with the Florida Securities Company, Florida National Bank Building, to head the municipal bond department and deal in a general list of corporate securities, it is announced. Mr. Evans had been with Ed. C. Wright and Company for the past 14 years in charge of the investment department; the latter firm discontinued its investment business as of April 1st.

Mr. Evans' association with the Florida Securities Company was previously reported in the Financial Chronicle of April 13th.

B. I. Connolly Joins Loewi As Comptroller

MILWAUKEE, WISC. — B. I. Connolly has resigned as manager of the Bank Department of the Milwaukee office of Peat, Marwick, Mitchell & Co. to join Loewi & Co., 225 East Mason Street, as Comptroller.

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Poll Indicates That Nearly 85% Of NASD Members Are Opposed To 5% Mark-Up Rule

Current results of the "Chronicle" poll of all members of the National Association of Securities Dealers regarding the Association's 5% mark-up policy indicates that approximately 85% of the membership are opposed to this attempt of the Board of Governors to force acceptance of a regulation that threatens to bring about, among other disastrous consequences, the ultimate extinction of the market for the securities of the nation's smaller enterprises.

As noted in previous issues, this publication sent a questionnaire to every member of the NASD in which they were asked to indicate whether they approved or disapproved of the so-called "philosophy." In addition, a similar inquiry was addressed to non-member dealer firms.

Here are the results of the poll as of April 19:

RETURNS FROM NASD MEMBERS

Total Ballots Returned	978	
Number Favoring 5% Rule	148 or	15.1%
Number **Opposed** to 5% Rule	830 or	84.9%

RETURNS FROM NON-MEMBER DEALERS

Total Ballots Returned	228	
Number Favoring 5% Rule	13 or	5.8%
Number **Opposed** to 5% Rule	215 or	94.2%

Resisting A Dangerous Pattern

"5% Spread Philosophy" Encroaches Upon Our Democratic Institutions

We think the recent formation of the Securities Dealers Committee, having for one of its avowed purposes the abolition of the "5% rule," constitutes a courageous and healthy indication that security dealers are determined not to take this NASD usurpation without a fight.

The "5% spread philosophy" is based upon Article 3, Section 1 of the NASD Rules of Fair Practice, which provides:

> **"A member, in the conduct of his business, shall observe high standards of commercial honor and just and equitable principles of trade."**

This Committee has taken the stand, as has the "Chronicle" right along, that this vaguely phrased rule does not vest the Board of Governors of the Association with the

(Continued on page 1616)

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Schluter Condemns Unrestrained Economic Internationalism

President Of Thermoid Company Says Expansion Of Our Post-War Free Enterprise System Is The Obligation Of Business Management, But Government Should Aid With Lower Taxes And Less Regulation—Fears Wage Differentials Between United States And Foreign Nations Will Be Greater

Frederic E. Schluter

Condemning the advocacy in certain quarters of "bigger and better internationalism" and "free trade" as endangering post-war production and employment in this country, Frederic E. Schluter, President of the Thermoid Co., Trenton, N. J., told the company's stockholders in the 1943 annual report of the company that, "While Uncle Sam has never played the role of Shylock, we don't think he should begin to play Santa Claus to the whole world at serious risk to American production and employment."

"We all favor a certain amount of international cooperation on a basis of equitable consideration for American products, but business management in America is asking about the limits to be expected in the advocacy of 'economic' internationalism and 'free trade'," Mr. Schluter declared. "We have an American standard of living and wage standards to protect in competition with international markets after the war.

"Before the war American genius and mechanization of processes enabled management to compete in foreign markets against foreign labor which received only 25% to 50% of the American wage. But we must face the probability that this wage differential between the United States and foreign nations may be much greater after the war.

"There is also the additional heavy tax load which has been thrown largely upon business and production as a result of pre-war spending and necessary war costs. This burden raises costs in producing goods for the international markets and for the domestic market as well.

"The necessity for further expansion of our American free enterprise system is the obligation of business management. Our Government should do everything to aid production and employment by creating a favorable business atmosphere and with a basis to assure lower taxes and less regulation after the war.

"Managers of business would like to provide more post-war jobs in production but their plans depend upon some realistic assurances regarding these considerations. They affect the amount of export business to expect and also our own market potentials."

John Straley V.-P. Of Hugh W. Long Co.

JERSEY CITY, N. J.—Hugh W. Long & Co., Inc., 15 Exchange Place, announce that John A. Straley has been elected Vice-President of their firm in charge of dealer relations.

John A. Straley

Oglar In Cleveland

(Special to The Financial Chronicle)

CLEVELAND, OHIO—Frank C. Oglar is engaging in a general securities business from offices at 6401 Superior Avenue. He was formerly associated with Otis & Co.

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'5%' Rule Will Kill Small Business Post-War Hopes, Dealers Warn

Additional Observations By Dealers Emphasize NASD Rule Will Close Capital Markets To Small Enterprises

In our issue of April 13, we published a number of the comments made by members of the National Association of Securities Dealers in answer to the following question which appeared on the reverse side of the questionnaire sent to both members and non-member firms in which they were asked to indicate whether they approved or disapproved of the Association's 5% mark-up rule: **"What Effect, If Any, Do You Think The '5% Mark-Up' Rule, If It Stands, Will Have On The Market For Securities Of The Smaller Corporations Of The Country?"**

Again, because of space limitations, it is only possible to give at this time a relatively small number of the large volume of letters that have come to hand. These are given further on and, as in the case of those given in last week's issue, most of them express the view that the rule will have the effect of virtually isolating small business enterprises throughout the country from the capital markets. Expressions to the contrary were made by those firms who favor the 5% mark-up policy and, in this connection, it may be noted that, as indicated in the current results of the 5% poll conducted by the "Chronicle," (which are given on page 1611), only a relatively small percentage of the NASD's membership favors the rule

Appropos of the following additional expressions on the subject of the effect that the 5% rule will have with respect to the ability of small business to obtain capital accommodations, it should be noted that the name of the city or town preceding the dealer's comments was obtained from the post-mark appearing on the envelope in which the questionnaire was returned. In cases where publication of the name of the community would tend to identify the firm (as in places where only one firm exists), the point of origin is indicated by using the phrase, "A Small Maine Town," as an example, or its equivalent.

SYRACUSE, N. Y.

We believe the 5% mark-up rule would greatly lessen interest in the market for securities of smaller corporations.

The Government and NASD together can help small business after the war by making it worth the dealers' effort to help small business secure its needed capital.

BOSTON, MASS.

. Kill it to a large extent.

KANSAS CITY, MO.

It is our opinion that if the 5% mark-up is not revoked the market for the securities of small corporations in the United States will be greatly handicapped.

When new issues are brought out, it is customary to pay the dealers in excess of 5% for the distribution of same, in order to get the distribution completed.

It certainly seems to us that dealers are entitled to more than 5% in trading these securities on secondary markets, and if they are not permitted to do so it is plain to be seen that the secondary market will suffer and that prices for the issues will decline materially as soon as the usual public offering is completed.

A SMALL MICHIGAN TOWN

In our opinion, the 5% mark-up rule, if enforced, will ultimately put every small dealer, such as ourselves, out of business. With salesmen covering a radius of approximately 50 miles, it is impossible for them to properly service their accounts on such a restricted basis.

(Continued on page 1629)

Girdler Corporation Stock
Bought—Sold—Quoted
THE BANKERS BOND CO.
INCORPORATED
18th FLOOR, KENTUCKY HOME LIFE BLDG.
LOUISVILLE 2, KENTUCKY
Long Distance 238-9 Bell Teletype LS 186

GILLIS OHIO RUSSELL & CO.
INDUSTRIAL BROWNHOIST
Analysis on Request
1582 Union Commerce Building
Cleveland 14, Ohio
Teletype CV 565
Long Distance 500
Open Wire to Troster, Currie & Summers, New York

Southern Railway's Annual Report

In reporting to stockholders on the road's operations during 1943, Ernest E. Norris, President of the Southern Railway, again stresses the temporary character of the present record railroad business, pointing out that the railroad industry must bear in mind that much of its increased revenues will fall off after the war ends. He also cautions that stronger emphasis should be placed on what will probably be more permanent, namely, the constantly increasing burden of expenses and taxes. In the conclusion of his letter to the road's stockholders, Mr. Norris also admonishes "It is equally important that Government also should give these matters proper recognition when dealing with the vital function of transportation, to assure for the future a sound, efficient and progressive railroad industry." In view of the temporary nature of the war traffic and the permanent nature of many of the increased costs, Mr. Norris advises that a conservative financial policy must be continued. (His remarks in full text on the results of the Company's operations in 1943 will be found elsewhere in these colcolumns.)

Ernest E. Norris

Despite the warnings of less rosy days to come, stockholders will find much to be optimistic about in the annual report. Basically, and from the standpoint of permanent results, the most striking feature of the report is the strong evidence of the high rate of efficiency which the present management has been able to realize. In the face of serious shortages of many strategic materials and the strained manpower situation the road has been able to handle the progressive new peaks of both passenger and freight traffic with outstanding dispatch, attesting to the well maintained plant and the efficacy of the program of new equipment purchases instituted a number of years ago.

Wages were higher, but, nevertheless, the road was able to report a further drop in the transportation ratio to 25.25%, the lowest in the company's history. Maintenance of equipment ratio was virtually unchanged from a year earlier and maintenance of way ratio was only moderately higher although such expenses were affected not only by increased wages but also by the higher costs of materials. The marked transportation efficiency and the fact that the ratios of bad order freight cars and locomotives at the year-end were lower than all previous records afford adequate proof that these expenses were not curtailed at the expense of the properties. It is also a tribute to the quality of the management and general personnel that Mr. Norris is able to say that despite the terrific strain on all railroad facilities last year, Southern showed the lowest percentage of casualties per train mile in the company's record.

It is from such messages as Mr. Norris addressed to his stockholders that one gets the full picture of the all-important contribution the railroads have made to the war effort. Were it not for the almost unbelievable progress there has been in railroading in the past few years there would unquestionably be a far different story to tell from the war fronts today, and this progress is epitomized by the performance of Southern. Just as one example, Mr. Norris points out that with an increase of only 2.75% in aggregate tractive power of locomotives in 1943 as compared with 1939, total freight and passenger locomotive miles increased 43.81%, establishing another new record. Many of these advances brought about by the war emergency will unquestionably be carried through into the peace years, carrying highly favorable implications for maintenance of substantial earnings despite the many adverse influences mentioned by Mr. Norris.

The most severe blow to Southern's earnings last year came from the rapid rise in taxes to a level almost as high as the road's gross revenues at the nadir of the depression. Taxes amounted to more than the total cost of transporting the record load of freight and passengers. While the increased taxes made necessary a moderation of the company's debt retirement program (the road was

Covered Wagon Co.
($1.50 Cum. Conv. Class A Pfd.)
Eitingon-Schild Co. Inc.
British Type Investors, Inc. A
We are principals—Brokers may trade for our account.
S. R. Melven & Co.
2 RECTOR STREET
New York 6, N. Y.
Telephone WHitehall 4-7544

Trading Markets:
DuMont Lab. "A"
Hearst Cons. Pub. "A"
Richardson Co.
Southwestern Pub. Svc.
Other Issues Traded
J. ARTHUR WARNER & CO.
120 Broadway, New York 5, N. Y.
COrtlandt 7-9400 Teletype NY 1-1950

BOSTON
Art Metal Construction
Bird & Son
Blair & Co.
Lawrence Portland Cement
National Gas & Electric
United Elastic Corporation
United Stockyards Pfd.
du Pont, Homsey Co.
Shawmut Bank Building
BOSTON 9, MASS.
Capitol 4330 Teletype BS 424

PHILADELPHIA
We maintain markets in:
Western Light & Telephone
Common
Memo on request
BUCKLEY BROTHERS
Members Philadelphia Stock Exchange
Members New York Stock Exchange
1529 Walnut St., Philadelphia 2, Pa.
Bell Teletype — PH 265
Phila. RIT 4488 N. Y. WH 3-7253

American-La France-Foamite Corp.
Income Conv. 5½% Notes due 1956 & Common Stock
BOENNING & CO.
1606 Walnut St., Philadelphia 3
Pennypacker 8200 PH 30
Private Phone to N. Y. C.
COrtlandt 7-1202

one of the first in the industry to recognize the advisability of reducing its debt) significant further progress was reported in 1943. From 1938 through the end of February, 1944, non-equipment debt had been reduced by $64,464,700. This program has reduced fixed charges to an annual level of about $13,500,000, or some 25% below the level supported at the outset of the depression decade. This "painless reorganization" is another reason why Southern Railway stockholders may feel a sense of satisfaction over Mr. Norris' stewardship.

I wish to announce that effective April 1st, 1944, I have reopened my own office to conduct a general securities business as a broker-dealer.

I will have a continuous interest in
TEXAS BANK and INSURANCE STOCKS
PUBLIC UTILITY and INDUSTRIAL Preferreds and Commons
CITIZENS HOTEL Common (TEXAS HOTEL)
WORTH PROPERTIES 3-6s of 1954
•
BARRON McCULLOCH
(formerly McCulloch & Williams)
1616 FORT WORTH NATIONAL BANK BLDG.
FORT WORTH 2, TEXAS

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16 Court St., B'klyn 2, N. Y. TR. 5-5054

John T. Blossom With Hayden, Miller & Co.

CLEVELAND, OHIO — Hayden, Miller and Company, Union Commerce Building, announced today that John T. Blossom has become associated with the firm. He has just returned to Cleveland after serving as a Captain of Infantry, U. S. Army and is now on the Inactive Reserve List.

Mr. Blossom, who also served in World War I as Captain in the 332nd Infantry, rejoined the Army in December, 1942 and was last assigned to Camp Ellis, Illinois. He was graduated from Yale University in 1914 and was Director of Athletics at Yale from 1922 to 1926.

He is widely known in Cleveland's financial district, having been a partner and one of the organizers of Murfey, Blossom & Co., New York Stock Exchange member firm formed here in 1926. In 1940 he became Chicago district representative for the Cleveland Hobbing Machine Company, leaving that position to rejoin the Army.

Herbert Lawrence Now With Keystone Corp.

BOSTON, MASS. — Keystone Corporation of Boston, 50 Congress St., announces that Herbert Lawrence, formerly assistant editor of Barron's, is now associated with their organization.

Barron McCulloch Opens In Ft. Worth

FT. WORTH — Announcement is made by Barron McCulloch that effective April 1 he has reopened his own office in the Fort Worth National Bank Building, to conduct a general securities business as a broker-dealer. Mr. McCulloch was formerly a principal of McCulloch & Williams.

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CHICAGO

Security Traders Association of New York
ANNUAL SPRING DINNER

Grand Ballroom
Waldorf-Astoria

Friday, April 21, 1944
7:30 p.m.

President

Willis M. Summers

1st Vice-President

Richard F. Abbe

2nd Vice-President

C. E. de Willers

Treasurer

George Leone

Secretary

John S. French

The Security Traders Association of New York, Inc., will act as hosts to over 1,100 members and guests at their Eighth Annual Dinner to be held at the Waldorf-Astoria this Friday night, April 21, 1944, it was announced by the committee in charge headed by Michael J. Heaney, of Joseph McManus & Co., and Frank A. Pavis, of Chas. E. Quincey & Co.

Quite a few members of the various affiliates throughout the country will attend, including the following national officers: William Perry Brown, Newman, Brown & Co., New Orleans; President; Edward H. Welch, Sincere & Co., Chicago, Secretary; Russell M. Dotts, Bioren & Co., Philadelphia, Treasurer; George Muller, Janney & Co., President of the Philadelphia affiliate; James B. Maguire, E. H. Rollins & Sons Incorporated, President of the Boston affiliate; Preston A. Taylor, Mead, Irvine & Co., President of the Baltimore affiliate; James English, Cooley & Co., Vice-President of the Hartford affiliate; also Frank Dunne, Dunne & Co., President of the New York Security Dealers Association; Emil Schram, President of the New York Stock Exchange; Fred C. Moffatt, President of the New York Curb Exchange; Frank L. Scheffey, Executive-Secretary of the NASD; James A. Treanor, Jr., Head of the Trading Division of the SEC in Philadelphia; and James J. Caffrey, Regional Chairman of the SEC in New York.

An elaborate entertainment has been arranged which will immediately follow the dinner, which is to be informal. Subscriptions are $8, including tax. Attractive identification labels are being provided for guests.

What Is A Conference?

A conference is a group of men who individually can do nothing, but as a group can meet and decide that nothing can be done.—Anon.

Fashion Park Attractive

A detailed study of Fashion Park, Inc., is contained in a special circular prepared by Simons, Linburn & Co., 25 Broad Street, New York. Copies of this interesting study may be had from the firm upon request.

AMERICAN MADE MARKETS IN CANADIAN SECURITIES
Brown Company
5s, 1959
Canadian Pacific Railway
Internal Issues
Montreal Light, Heat & Power
Internal Issues
Steep Rock Iron Mines, Ltd.
5½s, 1957
HART SMITH & CO.
52 WILLIAM St., N. Y. 5 HAnover 2-0980
Bell Teletype NY 1-395
New York Montreal Toronto

American Cyanamid, Pfd.
Eastern Sugar Associates, Com.
Ohio Match
Petroleum Heat & Power Co.
Tokheim Oil Tank & Pump Co.
Universal Match
Frederic H. Hatch & Co.
Incorporated
63 Wall Street New York 5, N. Y.
Bell Teletype NY 1-897

Des Moines & Ft. Dodge 4s, 1935
Iowa Central 5s, 1938
Minn. & St. Louis 5s, 1934
Minn. & St. L. Gen'l 4s, 1996
•
American Locomotive Old Pfd.
Missouri Pacific Old Com., Pfd.
Greendale Minerals
•
GUDE, WINMILL & CO.
Members New York Stock Exchange
1 Wall St., New York 5, N. Y.
DIgby 4-7060 Teletype NY 1-955

Franklin Shops
Fort Pitt Bridge Works
New Bedford Rayon "A"
•
F.H. KOLLER & COMPANY INC.
111 Broadway, New York 6, N. Y.
BArclay 7-0570 NY 1-1026

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New York Coffee & Sugar Exchange
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M. A. Hanna Underpriced?

L. J. Schultz & Co., members of the Cleveland Stock Exchange, have prepared an analysis of M. A. Hanna Company. Copies of this study which concludes that the common stock of the company at current levels is clearly behind the market, may be obtained from L. J. Schultz & Co.'s New York office at 76 Beaver Street.

TRADING MARKETS IN
REAL ESTATE
SECURITIES
★ ★ ★
SHASKAN & CO.
Members New York Stock Exchange
Members New York Curb Exchange
40 EXCHANGE PL., N.Y. Digby 4-4950
Bell Teletype NY 1-953

We Are Interested In Buying
ALL
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AND
TUDOR CITY UNITS

C. H. TIPTON
SECURITIES CORP.
Members N. Y. Security Dealers Ass'n
111 BROADWAY
NEW YORK 6, N. Y.
WOrth 2-0510

Trading Markets:
Real Estate Bonds
Equitable Ofc. Bldg. 5s 52
50 Broadway 3-6s 46
40 Wall Street 5s 66
61 Broadway 3½-5s 50
Other Issues Traded
J. ARTHUR WARNER & CO.
120 Broadway, New York 5, N. Y.
COrtlandt 7-9400. Teletype NY 1-1950

Gindorff To Manage Harriman Ripley Dept.

G. H. Armstrong With Firm

F. N. J. Gindorff has been appointed manager of the railroad division by the board of directors of Harriman Ripley & Co., Incorporated 63 Wall St., New York City. Mr. Gindorff was formerly with the investment department of J. P. Morgan & Co. from 1925 until 1940 when he became associated with his present company.

George H. Armstrong is also now connected with the firm in the United States Government bond department. He has been identified for a number of years with the U. S. government securities business.

Knies Predicts Higher Prices For Bonds

A prediction of much higher prices for bonds was made yesterday by Arthur Knies, of Vilas & Hickey, 49 Wall Street, New York City, members of the New York Stock Exchange, who expressed the opinion that credit is the answer to the strength in the securities markets over the past several months. Higher prices for bonds would arrive, he said, when institutional and bank buying broadens out with credit. He also predicted a new era of confidence in railroad securities.

Grimshaw Washington Mgr. For Kirchofer

WASHINGTON, D. C.—Kirchofer & Arnold, Inc. announce that Elliott W. Grimshaw, formerly vice-president of J. G. White & Company, Inc., has been appointed resident manager of their office at 729 15th Street, N. W.

"SUGGESTIONS"
We will be pleased to make suggestions to dealers who are interested in the retail distribution of Real Estate Securities.
Seligman, Lubetkin & Co.
Incorporated
Members New York Security Dealers Association
41 Broad Street, New York 4 HAnover 2-2100

Real Estate Securities

By JOHN WEST

Hearst-Brisbane Properties Bonds Appear Underpriced In Relation To Earning Power

Hotel Warwick Net About 5% On Entire Issue

The original $7,000,000 issue made in 1925, secured by mortgages on six properties, two of the most important being the 36-story Warwick Hotel on the northeast corner of 54th Street and Sixth Avenue, New York City, and the Ziegfeld Theatre at the northwest corner of the same streets, had been reduced to $4,844,750 when default occurred in 1940.

The Corporate Trustee took possession of all properties on Aug. 1, 1940 and has been operating them since that time. In the foreclosure action, the Trustee presented a reorganization plan governed by the Schackno Act, whereby title to all assets would be acquired for the benefit of bondholders, the income distributed, and the assets liquidated, the proceeds paid to bondholders as return of principal. Other plans were also presented but up to present time, the court has made no decision other than to approve the sale of the Ziegfeld Theatre by the Trustee for $600,000, all cash, which has recently been distributed to bondholders, reducing each $1,000 bond to $850.00. Through a settlement with William Randolph Hearst under his guarantee, the sum of $837,300 principal bonds was presented by him for cancellation which reduced the issue to approximately $4,000,000. The $600,000 cash received on the sale of the Theatre was pro-rated only against the $4,000,000 bonds outstanding with the public; so at the present time, the outstanding amount is only $3,400,000. The remaining properties are assessed at $4,045,000.

As the smaller properties are well located on 57th Street, a district which has shown considerable improvement recently, it is believed that they can contribute better net income to the picture than they have previously, although to date more than carrying fixed operating charges and taxes, it remains to measure the earning power of the Warwick Hotel in its relation to the $3,400,000 outstanding bonds. We find that for the year ended July 31, 1943, the net was about $160,000 after real estate taxes of about $80,500. As real estate taxes for the 1943-44 year have been reduced to $76,000 and monthly earnings have been on the uptrend as shown by the seven months ended Feb. 29, 1944, it is estimated that fiscal year earnings will be approximately $175,000 after taxes or slightly better than 5% on the outstanding bonds.

The present reduced bond of $850.00 quoted at around 40 or $340,000 seems underpriced in relation to the income available and in relation to future liquidations through sale of other properties.

John Stillwell Joins Kidder, Peabody Co.

(Special to The Financial Chronicle)

CHICAGO, ILL.—John David Stillwell has become associated with Kidder, Peabody & Co., 135 South La Salle Street. Mr. Stillwell was formerly with Central Republic Co. and F. S. Moseley & Co.

Carter H. Corbrey Forming Own Firm

(Special to The Financial Chronicle)

CHICAGO, ILL.—Carter H. Corbrey has formed Carter H. Corbrey & Co. with offices at 135 South La Salle Street. Mr. Corbrey was formerly Vice-President of Joseph F. Dixon & Co. and prior thereto was wholesale manager for T. L. Chapman & Co.

Reorganizat'n Potentialities

McLaughlin, Baird & Reuss, 1 Wall St., New York City, members of the New York Stock Exchange, have prepared an interesting circular discussing the reorganization potentialities for selected securities of the Missouri Pacific System. Copies of this circular may be had upon request from McLaughlin, Baird & Reuss.

Available On Request

Schenley Distillers Corporation have prepared an attractive booklet containing the first articles in the series they have been running in the "Financial Chronicle." Copies of this booklet may be had upon request by writing to Mark Merit, in care of Schenley Distillers Corporation, 350 Fifth Avenue, New York 1, N. Y.

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Bell System Teletype NY 1-588 Tel. BArclay 7-2360

Louisiana Power Issue Placed On Market

A group headed by Halsey, Stuart & Co., Inc., is offering today $17,000,000 of Louisiana Power & Light Co. First Mortgage Bonds 3% Series due 1974, at 103 and accrued interest from April 1, 1944.

Net proceeds to the company from the sale of the bonds, together with additional cash from its general funds as may be required, will be used to redeem all the $17,500,000 principal amount of First Mortgage Gold Bonds, 5% Series due 1957 outstanding at the end of 1943. The redemption price is the principal amount, plus a premium of 2½% and accrued interest to the redemption date.

Operating revenues for 1943 were $12,332,236 compared with $10,421,757 in 1942, and net income last year was $923,752, against $1,198,891 in 1942. According to the registration statement, the decrease in net income can be attributed to the charge of $256,958 to miscellaneous amortization. The funded debt and capital stock of the company as of Dec. 31, 1943, adjusted to reflect the present financing, and cancellation of the Second Preferred Stock as voted by stockholders, includes $17,000,000 of First Mortgage Bonds; 60,000 shares of $6 Cumulative Preferred Stock; and 1,200,000 shares of Common Stock.

The company shall pay, as a sinking fund for retirement of the 1974 Bonds, on Oct. 1 of each year from 1945 through 1948, 1⅛% of the principal amount of bonds outstanding, and on each Oct. 1, from 1949 through 1954, 1% of the principal amount. The sinking fund is designed to retire 10% of the initial issue of these bonds.

Rooney In Trading Dept Of Mitchell & Co.

Mitchell & Company, 120 Broadway, New York City, members of the Baltimore Stock Exchange, announce that Thomas F. Rooney, formerly with Tweedy & Company, and Hatfield, Rankin & Co., Inc., has become associated with them in their trading department.

Attractive Situations

Ward & Co., 120 Broadway, New York City, have prepared circulars on several situations which currently offer attractive possibilities, the firm believes. Copies of these circulars, on the following issues, may be had from Ward & Co. upon request:

Du Mont Laboratories "A"; Merchants Distilling; Crowell-Collier Publishing; P. R. Mallory; General Instrument; Long Bell Lumber Co.; Great American Industries; Mid-Continent Airlines; Massachusetts Power & Light $2 preferred; Majestic Radio; Magnavox Corp.; Brockway Motors; Consolidated Dearborn; National Airlines; Chicago and Southern Airlines; American Export Airlines; Northeast Airlines.

Bernheimer Opens New Dept. Under Stopher

D. F. Bernheimer & Co. Inc., 42 Broadway, New York City, has opened a department to deal in mortgages and real estate securities under the management of H. C. Stopher.

Prospective Rail Prices

Pflugfelder, Bampton & Rust, 61 Broadway, New York City, members of the New York Stock Exchange, have issued an interesting discussion of the prospective prices of the new railroad second mortgage income bonds. Copies of the circular containing the discussion may be had from the firm upon written request.

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14 Wall St., N. Y. 5 CO. 7-4150
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San Francisco
Santa Barbara Sacramento
Monterey Oakland Fresno

Tomorrow's Markets Walter Whyte Says—

Failure to develop strength after reaching support throws suspicion on nearby trend—Volume shrinkage on decline remaining good sign.

By WALTER WHYTE

A month ago I wrote that the market was headed down and advised that not only should traders get out, but the long pull buyer as well. A week later prices slipped all along the line.

* * *

Then, while everything still looked grey, I saw what I believed were signs of a rally, though recognizing that lower prices were in prospect before any worthwhile recovery would occur. That signs of resurgence were present in the leaders seemed to indicate that it was more than just another rally in the wind. But, being aware of support at prices then away from the market, I recommended a list of stocks at lower levels. Though it was the leaders that showed nascent strength, I deliberately chose the secondary issues for recommendations. My reasons were two-fold. If the market were to go up the public would go for the lower-priced shares while giving lip-service to the blue chips. A $20 stock is a lot easier to buy and its stop can be placed a lot closer than in the higher-priced issue. In the old days the higher the stock the more points it could advance. That is, for every point in say a $20 stock, a $100 one could go up four or even five. Percentage-wise, however, there was no difference. But stocks today, no matter what their price, seldom move any five points.

* * *

So I went out on a limb and advised buying the following: J. I. Case at 36, stop 34; Chrysler between 83 and 84, stop at 81½; Electric Auto-Lite at 39, stop 37; Jones & Laughlin at 22½, stop at 19½; Servel at 18,

(Continued on page 1631)

Trading Markets in

RAILROAD SECURITIES

B. & O. 4s 44
B. & O. 4s 48
B. & O. Cv. 4½s 60
B. & O. Ref. 5s & 6s
Chgo. Alton 3s 49
Chgo. Mil. Gary 5s 48
C. M. St. Paul 4¾s 89
C. M. St. Paul 5s 75
C. M. St. Paul 5s 2000
Chgo. Nw. 4¾s 49
C. R. I. 4s 34
C. R. I. 4½s 60
C. C. C. & St. L. 4½s 77
Col. & Sou. 4½s 80

Geo. Southern 5s 45
Lehigh Vy. 4s 2003
MOP 4s 75
MOP 5s Various
MOP 5¼s
MOP 5½s 49
N. Y. Central 4½s 2013
St. L. S. F. 4s 50
St. L. S. F. 4½s 78
St. L. S. F. 6s 36
Seaboard 4s 59
Seaboard 5s 31
Seaboard 6s 45
So. Pac. 4½s 68, 69, 77, 81

Others Traded

J. ARTHUR WARNER & CO.
120 Broadway New York 5
COrtlandt 7-9400 TWX-NY 1-1950
BOSTON PHILADELPHIA
HARTFORD

N. Y. Bank Stocks Interest'g

Laird, Bissell & Meeds, 120 Broadway, New York City, members of the New York Stock Exchange, have issued an interesting comparative analysis of leading New York City Bank stocks. Copies of this analysis may be had from the firm upon request.

Our CHICAGO LETTER
For April
Discusses Delays
In Consummating Railroad
Reorganizations
Beneficial or Detrimental?
Copies on Request

CARTER H. HARRISON & CO.
209 S. La Salle St.
CHICAGO 4, ILLINOIS

Chicago, Indianapolis &
Louisville Railway Co.

ARBITRAGE
POSSIBILITIES

Circular on request

SUTRO BROS. & CO.
Members New York Stock Exchange
120 Broadway, New York
Telephone REctor 2-7340

Western Light Attractive

Common stock of Western Light and Telephone offers attractive possibilities according to a memorandum on the situation issued by Buckley Bros., 1529 Walnut Street, Philadelphia, Pa., members of the New York and Philadelphia Stock Exchanges. Copies of this interesting memorandum may be had from the firm upon request.

Attractive Situation

The current situation in Loft Candy Corp. offers attractive possibilities according to a memorandum issued by J. F. Reilly & Co., 111 Broadway, New York City. Copies of this interesting memorandum may be had from the firm upon request.

Arbitrage Possibilities

Chicago, Indianapolis & Louisville Railway Co. has attractive arbitrage possibilities, according to a circular issued by Sutro Bros. & Co., 120 Broadway, N. Y. City, members of the New York Stock Exchange. Copies of this circular may be had from Sutro Bros. & Co. upon request.

Gain or Lose on new
FRISCO ISSUES?

How will current holders fare by new capital set-up? Postwar estimates and figures are presented in an interesting discussion sent without obligation on request.

Raymond & Co.
148 State St., Boston, Mass.
Tel. CAP. 0425 : : Teletype BS 259
N. Y. Telephone HAnover 2-7914

REORGANIZATION POTENTIALITIES
for Selected Securities of
Missouri Pacific System
Copies available upon request

McLAUGHLIN, BAIRD & REUSS
Members New York Stock Exchange
ONE WALL STREET NEW YORK 5
TEL. HANOVER 2-1355 TELETYPE NY 1-1310

Western Pacific
Chicago, Rock Island and Pacific
Denver & Rio Grande Western
Minneapolis, St. Paul & S. S. Marie
When, as and if issued
Bought & Sold

PFLUGFELDER, BAMPTON & RUST
Members New York Stock Exchange
61 Broadway New York 6
Telephone—DIgby 4-4933 *Bell Teletype*—NY 1-310

Railroad Securities

There was some disappointment over the remarks of the President of New York, Chicago & St. Louis in the annual report regarding the credit standing of the road and the necessity for further debt retirement. Even those preferred stockholders who in the past have been in accord with the management's policy of diverting all available cash to the retirement of debt, and who have recognized the greater overall benefits accruing from such a program, are becoming restive. They have lived through five successive years of profitable operations, during which a total of $104.14 a share has been earned on their stock, and visualize the certainty of high earnings again at least in 1944, and still are asked to forego any return on their own investment.

Granting that such a policy of non-payment of interest was justified when the company was faced with potentially dangerous near and intermediate term maturities, stockholders consider that the debt retirement already accomplished has minimized, if not entirely eliminated, this problem. As an indication of the road's credit they point to the fact that the two underlying liens, maturing in 1947 and 1950, are selling on a money basis, with markets governed by call prices, and that the Refunding 5½s have recently been selling at a premium over par. Even the longer term Refunding 4½s have been moving steadily into the middle 90s.

It is the feeling of many investors interested in Nickel Plate securities that the time has now arrived to engage in a comprehensive refunding operation which will eliminate the underlying liens entirely and allow a further substantial saving in annual interest requirements. Even if such a refunding should involve in part a serial issue it would still allow the freeing of substantial earnings under current, or materially poorer, traffic levels for payment of preferred dividends.

In the last three years Nickel Plate has reduced its non-equipment debt by $37,660,000, to $109,621,000 as of the end of 1943. Retirements last year exclusive of equipments, amounted to $6,928,200. The debt as of the end of last year included a $2,000,000 bank loan, maturing this year, $15,188,000 of 1st 3½s, 1947, $6,500,000 Toledo, St. Louis & Western 1st 4s, 1950, $26,058,000 Refunding 5½s, 1974 and $59,875,000 Refunding 4½s, 1978. It is felt in many quarters that all but the last named could be refunded. Under such an operation the old Refunding mortgage would succeed to a first lien on the entire properties; this improvement in lien and quality would facilitate a refunding.

The bank loan, two divisionals, and Refunding 5½s aggregate $49,746,000. The company should be able to retire as much debt this year as last so that the refunding could be accomplished with a new issue of no more than $43,000,000. Even if it were necessary to make serial payments of $1,000,000 a year this would be $5,928,200 less than was spent last year to retire debt. This distributed to preferred stockholders would amount to over $16 a share which would at least mark a beginning towards liquidation of the substantial dividend arrears.

Fixed charges had been reduced by the end of last year to $5,300,000 which would have been covered in every year of the depression except 1931 and 1932, adjusting non-operating income in the former year down to current levels. By a comprehensive refunding it is indicated that approximately another $750,000 could be cut from fixed charges, which would go far towards compensating for any serial principal payments that would have to be made in periods of subnormal years. Under present conditions the high tax rates would naturally absorb any interest savings effected, but at the same time, the serial payments themselves would not be any strain while business remains good. In fact, principal payments would be covered by a wide margin by depreciation and amortization charges. Serial equipments amount to less than $1,800,000 while non-cash equipment depreciation and amortization alone amounted to $4,125,804 last year. Total amortization and depreciation amounted to more than $4,800,000 in 1943. It is quite possible that considerable pressure will be brought to have a refunding effected some time this year.

Fed. & N.Y. Transfer Taxes On Bank & Ins. Stocks

Troster, Currie & Summers, 74 Trinity Place, New York City, have prepared for distribution a schedule of Federal and New York transfer taxes required on sales of the more actively traded bank and insurance stocks. Copies of the schedule may be had from the firm upon request.

We believe the I.C.C. approval of the Reorganization Committee in the

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Situations of Interest

T. J. Feibleman & Co., 41 Broad St., New York City, have available for distribution to dealers reports on Pittsburgh Railways Co. with reference to underlying securities; Pittsburgh Terminal Warehouse & Transfer Co.; and Jonas & Naumburg Corp. Copies of these reports may be had upon request from T. J. Feibleman & Co.

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Resisting A Dangerous Pattern

(Continued from page 1611)

power to change trade custom and usage in the securities business as it is attempting to do through the medium of its "5% spread philosophy." A spokesman for the Securities Dealers Committee said that among the many grounds upon which this philosophy is opposed by the Committee, the following are a few:

The Committee has been advised that there is considerable doubt whether the Maloney Act is constitutional, and hence feels that its creature, the NASD, is without authority to modify the customs and usages of the security business.

If in fact it had such authority, the 5% rule should have been submitted to the NASD membership for its action as provided for in the constitution and by-laws. Its origin at least should have been legal.

The poll we conducted made it clear that if so submitted the proposed rule would have been defeated, and further, that spokesmen of the NASD who have widely circulated their opinion that a large majority of the membership favored this philosophy were in error.

Representatives of The Securities Dealers Committee particularly condemn the trials before Business Conduct Committees of the NASD where firms charged with violating the "5% rule" are judged by their business competitors. Being judged by a jury of one's peers is an American institution; being judged by one's competitors never was, and is not calculated to arrive at a just result.

The Committee contends that although ostensibly voluntary, membership in the NASD is in fact compulsory by reason of certain special and monopolistic privileges which the NASD enjoys under the Maloney Act. This, they say, is unfair to non-members, and to those who have resigned in protest against the arbitrary action of the Board of Governors of the NASD. It interferes with every man's fundamental right to pursue his lawful trade.

The Committee has also been advised that in practice the "5% spread philosophy" constitutes an unreasonable restraint on interstate and foreign commerce, and is, therefore, outlawed by the Sherman Act.

The unjustified forays by means of questionnaires and audits is another sore spot and unwarranted interference. Even in cases of governmental bodies these should be limited to instances where complaints are lodged.

In these columns we have repeatedly expressed our hopes that the NASD Board of Governors would of its own volition revoke the "5% rule." We have cautioned that the failure to do so would have far reaching consequences threatening NASD existence. There may yet be time.

In the meantime, the security dealers of the nation are being circularized in an effort to gain support for the Security Dealers Committee. Dealers and brokers, whether members of an existing association or not, cannot do other than further their own interests, in our opinion, by lending such support in a liberal manner. For our part, our opposition to the "5% philosophy" as an un-American doctrine is well known, and we intend to do all in our power to erase it.

N. Y. Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following weekly firm changes:

James Q. Newton, partner in Boettcher and Company, Denver, Colo., died on April 5th.

Interest of the late Harry J. Crofton, member of the Exchange, in Richard J. Buck & Co., New York City, ceased as of March 30th.

Interest of the late Louis Haight, special partner in Ward, Gruver & Co., New York City, ceased as of April 13th, 1944.

Captain Michel A Director

Capt. Clifford W. Michel, Partner of J. S. Bache & Co., 36 Wall Street, New York City, and now on active duty with the armed forces, has been elected a director of the American Indemnity Company, Baltimore.

UTILITY PREFERREDS

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Public Utility Securities

Associated Gas Earnings On The Proposed New Stock

The Securities and Exchange Commission on April 14 approved the reorganization plan of the Associated Gas & Electric System. Such approval had been anticipated and substantially discounted marketwise. Hence the sharp decline in system securities (nearly 3 points in the most important issue, AGECORP 4s of 1978 traded over-the-counter) appears due to the ultra-conservative estimates of earnings and dividends which appeared in the press summaries of the plan in the New York "Times," "Journal of Commerce," etc.

Both newspapers indicated that the estimated share earnings on the 7,500,000 shares of new common stock (to be issued by the merged or "surviving" company—56 cents in the first year and 60 cents after 10 years—had been prepared by the trustees, but the trustees were obviously not interested (in their testimony before the SEC) in presenting a strong case for the future earning power of the company. Their principal interest was to prove that the assets of the two top holding companies were worth more than $12,000,000 — the approximate amount of senior claims against the estate—and less than $260,000,000, which would exclude from participation the junior securities not represented in the plan.

It has been generally assumed that, based on system earnings figures previously published by the trustees, that share earnings on the new stock would be in excess of $1 a share. The estimate of 50-60 cents, covering a 10-year period, was therefore perhaps something of a shock to many holders of the bonds. It was unfortunate that the press summaries could not have devoted more space to discussion of this all-important topic of earnings, and less to other details of the plan.

Actually, the pro forma earnings figures prepared by the trustee—one statement for the calendar year 1943 and another for the 12 months ending June 30, 1944—did not differ a great deal from previously published System figures. The statement for the latter period indicated a balance of System income applicable to the new top company of $11,452,207. However, the trustees and the SEC (it is difficult to determine to what extent each party was responsible for the various conclusions) whittled this figure down to some $2,217,000, or only 30 cents a share available for dividends on the new common. This process was somewhat as follows:

(1) The $500,000 income from General Gas & Electric, representing anticipated income rather than equity earnings, was discarded because it was only a "possibility" (for reasons not specified).

(2) $2,436,044 was deducted as not available, due to restrictions imposed by Public Service Commission orders or for other reasons.

(3) $2,464,849 more was deducted as likely to be withheld by the operating companies.

(4) $251,000 more was erased by the SEC, largely because the June estimate exceeded that for the calendar year 1943.

(5) $1,574,500 was then deducted for the expenses, taxes and interest charges of the new top company, which left a balance of $4,225,814 or 56 cents a share "earned."

(6) $1,500,000 was now deducted for amortization of the senior debt over a five-year period, and $262,500 for 10-year amortization of the debentures—although the SEC indicated that this procedure was "unrealistic," since property sales should accelerate elimination of debt and probably make it unnecessary to amortized the full amounts out of earnings.

(7) Finally, 10% of the remainder was deducted (presumably for reserve), leaving a net balance of $2,217,000, or 30 cents a share.

By the usual method of figuring utility earnings, only the expenses and taxes would have been deducted from the original figure of $11,452,207, leaving a balance of $9,877,707, or $1.32 a share, as the new company's consolidated equity share earnings. This is quite different from the unplained figure of 56 cents appearing in the news reports. It should have been made clear that the latter figure represented parent company rather than consolidated earnings. Further, the implication that earnings will show little change over a 10-year period seems a little misleading, in view of the probability that debt will be retired long before the end of the period.

The 30-cent dividend rate may be a fair estimate for the first year or so, but would seem to be unduly conservative for later years, considering the possible elimination of amortization charges. The report does not stress the most important item affecting earnings which is the possible wide variation in taxes in the post-war period.

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Financing War Contract Terminations

(Continued from First Page)

approximately 100,000 prime contracts, one million direct sub-contracts, and perhaps several million sub-sub-contracts now outstanding. Cancellation claims at the end of the war will, he said, just about equal the total current amount of industry-owned working capital used in the war program, which represents one-half of the nation's total industrial working capital. The deduction was presented that above twelve billion dollars of additional temporary cash funds must be available prior to, or about the time of "V"-Day, if business reconversion is to be successful, and satisfactory employment maintained.

He made it clear that direct termination financing, by settlement of cancellation claims under present methods, will not provide industry quickly enough with the working cash needed to prevent partial business chaos and a reduction of employment. At the end of the war, he pointed out, industry will immediately need 10 to 15 billions in new cash working funds for a temporary period, covering the time required to settle cancellation claims. He emphasized that the availability of these funds should be arranged for now.

Mr. Dively, who is chairman of the Committee on Termination Financing of the Controllers' Institute of America, urged full recognition of the size and potency of the termination financing problem. He presented a practical approach to the entire problem of financing cancelled war contracts by recommending the "V" loan plan. Application of this plan, with some extension and liberalization, could, operating through established commercial bank credit channels, provide the solution. He believes that the government has started well in developing the "V" loan plan, and he advocates the broadening of its application, substantially as provided in the latest revision of the Murray-George Bill. He stressed the need for Congress to take immediate action on legislation permitting adequate clearance and financing of industrial claims resulting from cancelled war contracts. He stated that, in his opinion, there is no need to delay on this action because the present proposed Murray-George Contract Settlement Bill (S. 1718) with slight modifications is sound, practical and adequate.

New England Power Looks Good

New England Power Association 6% preferred offers excellent possibilities for price appreciation according to a detailed study of the situation prepared by Stifel, Nicolaus & Co., 105 West Adams St., Chicago, Ill. Copies of this interesting study may be had from the firm upon request.

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NOTE—*From time to time, in this space, there will appear an article which we hope will be of interest to our fellow Americans. This is number twenty-eight of a series.*
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Women at work

I think that all of us are aware of the part that the women are playing in industry in these busy days. When the figures are revealed, most of us are quite astounded to learn that there are 6,300,000 more women employed this year than three years ago—in 1940. In 1940 there were 10,800,000 working women, and in 1943 that figure jumped to 17,100,000. One might almost be pardoned for paraphrasing an old saw, "It's the woman who pays" to—"It's the woman who gets paid."

Of course, this big increase in the employment of women is largely the result of about 10,000,000 men changing their civilian clothes to army and navy uniforms. And these women are doing a swell job, just as they are nobly backing up the war effort in the countries of our Allies.

And, while we are on this subject there are some other interesting figures. The Chairman of the Republican National Committee was recently quoted as saying, "Women cast 45% of the 1942 vote, and indications are they will be on a 50-50 basis with men in votes cast in 1944." And why not? They labored for many years to get the right to vote; they are doing man's work now, many of them, and I dare say they are more conscious than ever, today, of the responsibility that accompanies the right of franchise.

I think, when time has healed the wounds of heart and flesh, America will be better off for having had its women step out of the home into other fields, during a temporary emergency period, to gain a realistic perspective of what has always been considered, exclusively, a man's world. Let's hope that it won't be long before the job at hand is finished so that these emergency-period-women-workers can again begin to practice their main line—homemaking.

And, we, in industry, must see to it that our boys, who return from the war, will be able to provide ample means to maintain the homes to which they return, without the necessity of their womenfolk assisting in providing the necessities of life. *Men want their women in the home . . . they're so nice to come home to.*

Salute!

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Attractive Speculation

Common stock of the Buckeye Incubator Company is a very attractive speculative security according to a detailed memorandum on the situation being distributed by Taussig, Day & Company, Inc., 506 Olive Street, St. Louis, Mo., members of the St. Louis Stock Exchange. Copies of this memorandum and supplemental data from the company's unaudited profit and loss statement for the first six months of the current fiscal year, may be had upon request from Taussig, Day & Company.

Utility Prices Compared

E. W. & R. C. Miller & Co., 123 South Broad Street, Philadelphia, Pa., have issued an interesting table of average prices, dividends and yields for 20 representative public utility operating companies' common stocks. Copies of this table may be obtained from the firm upon request.

Should Price Fixing And Rationing Be Extended Into The Post-War Period?

(Continued from page 1610)

of World War II is to make a *bona fide* attempt to prevent the type of post-war inflation we had in 1919 and early 1920, then some extension of these powers is not only essential but highly desirable. When one remembers a general wholesale price level of 226 in 1920, on the basis of 1913 prices, with some items such as building materials at 341, with residential real estate two or three times its "normal" value—or more specifically with eggs at 90¢ a dozen and beefsteak at 80¢ to $1.00 a pound—it is apparent that a return to such conditions would not be welcomed by most citizens. It is one thing if such controls are exercised as a sincere attempt to prevent disastrous inflation but an entirely different thing if they are exercised merely for the purpose of controlling the economic system, i.e., control for the sake of control. In view of some of the recent pronouncements of members of the present administration, it would seem that with them, at least, the latter is the paramount objective.

British Bankers' Views

Confronted with a somewhat similar situation to our own and recognizing that a controlled economy is an absolute essential in time of war, British "Big Five" Joint Stock Banks' representatives recently expressed their views on this matter at the annual meetings of the stockholders of these banks. The Chairman of Barclays Bank Limited said:

"I need scarcely to say that our own Bank, in company with the other British banks, will add its full weight to the forces of restoration" after the war. "One does not expect a sudden or violent change-over, for the period following the war will be dominated by scarcity, emphasized by the latent demand which will then spring to life. For this reason we must anticipate a measure of control, with the exercise of priorities, until the whole machine adjusts itself to the new conditions. But no one will want to see the continuance of any control which has outlived its purpose, for although there must be safeguards to protect the interests of the State and of the community, the very same interests are *best served by giving full rein to those priceless assets, individuality and enterprise, which can flourish only in an atmosphere of freedom.*" (Italics added by writer.)

In a somewhat similar vein the new Chairman of the Midland Bank Limited added:

"During this war the Government, profiting by experience, has, to a very large extent avoided the evils of inflation, partly by direct restrictions on the use of purchasing power, partly by controlled distribution of supplies, and partly by the use of subsidies to hold in check the spiral of price and wage increases. The same methods will be called for on a *gradually diminishing scale, in the immediate post-war period until demand and supply are judged likely to be in equilibrium in a free market.* (Italics added.) . . . Mankind is not blind to the lessons of experience; we see clearly that our best interests lie in building upon an established equilibrium of wages and prices, avoiding the perils of both inflation and deflation."

It is thus apparent from these two statements that the British problems have not been unlike our own and that the methods used by the British Government, of restrictions on purchasing power, rationing of supplies, and subsidies to hold prices and wages in check, have been similar to those which our Government has tried under OPA. It is hoped that we also my insist as strongly as do the British that we return to a free market, and a system of free individuality and free enterprise as soon as the period of scarcity is passed.

Factor of Time Vital

Recognizing as we do that such controls must be continued as long as the war lasts, the time for which they may be extended is a vital matter. It is not so much a matter of calendar time as it is the time that it takes for "normal" demand and supply to reach a state of equilibrium. When that period will arrive depends upon the degree of scarcity and disequilibrium which will have been created by the war and its aftermath, and upon the length of the war itself. If the legitimate desire of whatever administration may be in power is to control prices and the quantities of essential materials to keep prices for such from skyrocketing, in the face of such quantities of purchasing power as will be available, then an extension of such controls and powers for a reasonable time should be encouraged. Perhaps the first extension of such time should be for a period not exceeding three months after the cessation of hostilities in Europe and the Pacific, in order that immediately after the end of the war the whole situation with regard to supplies, prices and priorities may be reviewed. Some measure of control might then be gradually diminished, others abolished entirely, and still others strengthened if dammed up purchasing power gets out of hand. But, in the opinion of the writer, such extensions of time for such controls in the post-war period should not be for more than six months at a time, in order to give frequent opportunities for careful review and appraisal of the whole situation.

Who Shall Control?

Who shall administer and exercise such extended controls as are granted is also a vitally important matter. If, as Vice-President Wallace has recently intimated, the "New Deal" is not dead but is to be revived, with a social security program for the "under-privileged" of more far-reaching scope than any yet set in motion, then it would be better to entrust such controls for the rest of the war and for the immediate post-war period to a man or men who know what it means to earn a dollar and who know that debt, be it public or private, never enriches a man or a nation. If such controls as are granted are to make possible the control of our economy in such a way as to carry out the post-war road building and public works program under an enlarged and glorified PWA or WPA, as recently suggested by President Roosevelt, then the freedoms we have lost during our war-time controlled economy must be rewon and restored, not part but all of them; not sooner or later, but sooner."* Better some of the evils of inflation and consequent deflation than a loss of economic freedom for a generation or longer—a loss of "those priceless assets, individuality and enterprise" which are essential to free men in a free world.

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*Cf., Readers' Digest, Jan., 1944, p. 89.

N. Y. Analysts To Hear

The New York Society of Security Analysts, Inc. will hear John W. Barriger III, consultant, of H. H. Copeland & Son discuss railroads at their luncheon meeting scheduled for April 21st.

On April 25th the speaker will be Dr. Redvers Opie, economic advisor to the British Ambassador, who will talk on "Economic, Social and Political Trends in Great Britain."

Carl C. Conway, president of the company, will speak on Continental Can Co., Inc. on April 26th.

On April 27th, H. S. Palmer, president and trustee of the New York, New Haven & Hartford, will be speaker.

All meetings will be at 56 Broad Street, New York City, at 12:30 p. m.

Enlarges Scope of Brazil Bank Rediscount Dept.

A cablegram April 13 from Rio de Janeiro to the New York "Times" stated:

President Getulio Vargas signed today a decree enlarging the scope of the rediscount department of the Banco do Brazil, which is regarded as tantamount to revamping in part the present banking system of Brazil in setting up bases for banks to borrow against their assets in order to safeguard their depositors in time of national stress or runs on banks. The Banco do Brazil will make advances against all guaranteed assets of banks for loans negotiated up to Dec. 31, 1943.

What Is An Economist?

An economist is a man who can make a simple subject complex, a complex subject simple; in other words, an economist is simply simple.—Anon.

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Markets and memoranda on these Connecticut companies available on request

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Connecticut Brevities

During the past month, the Hartford-Connecticut Trust Company received bids for some $700,000 principal amount of Connecticut municipal bonds held in one of its accounts. The bonds, maturing for the most part in one to ten years, were sold to various dealers and reoffered to the public at prices approximating all-time highs for this particular type of security.

* * *

The Banking Department has recently issued an additional list of 65 different railroad bonds that now meet the requirements for "legal" investments for savings banks in accordance with the provisions of the Connecticut State law. This law provides that a savings bank may invest in the bonds of a road if in the year immediately preceding the investment and in three of the past four fiscal years the income available for fixed charges shall not have been less than one and three-quarters times such fixed charges as set forth in the annual report to the Interstate Commerce Commission.

* * *

The Plume & Atwood Manufacturing Co. of Waterbury showed an increase in net income in 1943 over the previous year. Actual figures were $196,478 (after taxes but including post-war refund) against a corresponding figure of $162,319, or on a per share basis, $3.64 against $3.01.

* * *

Many undetermined factors render it impossible to calculate earnings of Scovill Manufacturing Co. of Waterbury for the past year. The company has issued a preliminary financial report, the figures being subject to renegotiation of war contracts for the Government, various other charges, retroactive costs imposed by Government agencies, and the resulting readjustments. The company paid dividends of $2 per share, or a total of $2,093,676. Income in excess of this dividend, some $6,175,617 or $5.89 a share has been set aside as a reserve to meet these undetermined charges. Such balance remaining after coverage of these items, will be available to add to surplus.

Net sales for the year were $124,240,977 after $1,994,604 voluntary retroactive price reductions. In the previous year the company reported net sales of $89,879,571 after a deduction of $16,400,000 provision for reduction of Government contract prices resulting from renegotiation.

Net available for fixed charges was $8,447,885 against $3,609,607 in 1942. During the year the company redeemed $500,000 of their outstanding debentures which, of course, resulted in a substantial reduction in fixed charges. These charges were covered 43.85 times against 11.28 times in the preceding year.

Total assets increased from $65,216,455 to $77,065,947. Equity per share advanced from $33.62 to $39.56.

* * *

Peter Paul, Inc., of Naugatuck, has likewise issued a report subject to renegotiation adjustments. Net income for 1943 was $799,033 against $542,383 the preceding year. Based upon 152,334 shares in 1943, the earnings per share were $5.25 compared with $3.65 a share on 148,517 shares in 1942.

* * *

The United States Rubber Co. has plans to enlarge its Naugatuck plant this year through an expansion program involving the expenditure of some $1,400,000. In addition to its present manufacture of rubber solids, these new facilities will enable the company to produce greater than half of the country's present output of synthetic rubber latex.

* * *

The 1943 year-end report of The Hartford Times, Inc., shows net income of $296,514 or earnings of $2.32 per share on the common stock against $279,820 or $2.15 in 1942. Earnings on the preferred stock were $12.56 as compared with $11.85. Fixed charges and preferred dividends were covered 2.82 times against 2.60 times in 1942.

* * *

Two Hartford industrial concerns have announced important managerial changes. Graham H. Anthony, President of Veeder-Root, Inc., has been elected President of Colt's Patent Fire Arms Manufacturing Co. to succeed Samuel M. Stone, who held that position for the past 23 years. Mr. Stone was appointed Chairman of the Board of Directors.

During the last half of 1943, Colt's operated under difficulties that resulted in the omission of the March 31, 1944, quarterly dividend on the capital stock—the first interruption in payments since 1889.

John H. Chaplin, the Executive Vice-President of Veeder-Root, was elected to the presidency of that concern to succeed Mr. Anthony.

* * *

In 1943 Farrel-Birmingham Co., Inc. produced the greatest volume of output in the company's history, with total billings by the plant and subcontractors bringing the total production to 195% of the output for 1942.

After dividends and an addition to reserve for contingencies, the net addition to surplus account was $4.73 per share. Before provision for contingencies, earnings per share were $10.64. At the close of the year, their backlog of orders totalled roughly $31,000,000.

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Security Traders Club Post-Easter Party

ST. LOUIS, MO.—Described as the 603th Annual Post-Easter Foul Dinner (toikey to youse) the Security Traders Club of St. Louis members and guests relaxed at the Hotel Mayfair, Thursday evening, April 13. President Emmett Brennan's remarks were brief and taken with the usual amount of "booing". Announcement was made that the following 19 new members have been admitted:

Albert E. Beyer, McCourtney-Breckenridge & Co., Henry M. Cook and Chapin S. Newhard, Newhard, Cook & Co., Timothy F. Dempsey, Dempsey-Tegeler & Company, Presley W. Edwards and Allen B. Tilghman, A. G. Edwards & Sons, Joe Fisher, Peltason, Tenenbaum Co., J. R. Kinsella, Brennan, Kinsella & Co., Bill Humphrey, John Nordman & Co., Max Kaplan, White & Company, Robert H. Matthews, G. H. Walker & Co., Robert Lesser, Friedman, Brokaw & Samish, Elvin K. Popper, I. M. Simon & Co., Louis J. Nicolaus, Stifel, Nicolaus & Co., Inc., William L. Reiman and Robert Bennett, Edward D. Jones & Co., Albert M. Schmelzle, Fusz-Schmelzle & Co., Garfield J. Taussig, Taussig, Day & Co., Inc., Anton A. Tibbe, Phoenix Bond & Mortgage Co.

Lists of all members in the Armed Services were distributed to those present at the dinner with the request that a name be checked and a letter written on the reverse side. This novel idea was adopted enthusiastically and as a result many letters are now on their way carrying news from the "home trading front" and an up-to-date list of members in the Services.

Missouri Bankers 54th Annual Convention

KANSAS CITY, MO.—Missouri Bankers Association will hold its Fifty-fourth Annual Convention at the Muehlebach Hotel, May 15, 16, and 17. Plans for the business sessions and social features will be announced shortly.

Rail Recommendations

Vilas & Hickey, 49 Wall Stret, New York City, members of the New York Stock and Curb Exchanges, have issued an interesting leaflet containing recommendations on railroad securities. Copies of this leaflet and a memorandum on railroad operations may be had from Vilas & Hickey upon request.

Also available is a circular on Northern Pacific which appears attractive, with possibilities for appreciation, Vilas & Hickey believe.

Stoddard With Putnam

(Special to The Financial Chronicle)

HARTFORD, CONN. — Allyn Denison Stoddard, formerly with Eddy Bros. & Company for many years, has become associated with Putnam & Company, 6 Central Row, members of the New York Stock Exchange.

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Missouri Brevities

Gaylord Container Report

Stockholders of Gaylord Container Corp. have received copies of the 1943 annual report of which they can be justly proud both from the standpoint of progress of the business and the policy of the management with respect to disclosure of information. Condensed comparative balance sheets and earnings statements for the past seven years are included together with a detailed balance sheet as of Dec. 31, 1943 and earnings statement for the year. Numerous pictures highlight the company's completely integrated activities which extend from the ownership of about 275,000 acres of pulpwood timberlands including a reforestation project to the manufacture of corrugated and solid fibre shipping containers, cartons, grocery bags, sacks, Kraft wrapping paper, other Kraft specialities, tung oil, turpentine, resin and pine oil.

Fifteen plants are owned by the company and its subsidiary. Gross sales of $34,127,713, an increase of 13.7% over 1942, were the highest in the company's history. Increased costs held net profit to $1,103,097, equal after preferred dividends to $1.56 per share on the common stock, compared with $1,108,543 or $1.55 per share after allowance for preferred dividends on the larger amount of stock outstanding in 1942.

Current assets, including $3,127,831 cash, totalled $8,747,274 compared with current liabilities of $2,896,084. Net working capital amounted to $5,851,190.

National Candy Plan

A special meeting of National Candy stockholders has been called for May 1, 1944 for the purpose of establishing redemption prices on the non-callable preferred stocks presently outstanding. The 7% first preferred stock would be given a call price of 140 per share and the 7% second preferred a call price of 125, plus accrued dividends in each instance. The proxy statement disclosed that investment dealers would be compensated for their activities in soliciting proxies if the management found such action necessary in order to assure adequate attendance and voting at the meeting. Announcement was made April 13 that members of the St. Louis Stock Exchange have been designated as the group to make the solicitation. Announcement of the special meeting has revived rumors, which have persisted for several months, regarding the possibility of a large food company acquiring the company and its corn products subsidiary. The management states that it has no present intention of calling the preferred stock issues.

Champion Shoe Machinery Changes Management

Recent annual stockholders' meeting of Champion Shoe Machinery resulted in the resignations of S. A. Dobyne, President, and John Dobyne, Treasurer. Robert A. Walsh, of Dempsey-Tegeler & Company, was elected Executive Vice-President and John Hoge, an employee of the company, was elected Vice-President and Treasurer. The offices of President and Secretary have been left open temporarily. The new Board is composed of Edward D. Jones, Edward D. Jones & Company; Fred E. Schluter, President of Thermoid Company; Arthur S. Kendall, President of Crunden-Martin Mfg. Company; Newell Augur, President, Wallace Pencil Company; John Hoge and Robert A. Walsh. Confronted with a record of annual operating losses under the old management, the new group is hopeful that changes already made and others to follow will result in improved operations.

Local Market Activities

Earnings report for 1943 showing $5.17 per share (before renegotiation) has resulted in increased trading activity in **Universal Match** at advancing prices. Main office is at Ferguson, St. Louis County, Missouri. A recent summary is available at **Scherck, Richter Co., St. Louis**, who also are distributing a new detailed description of **Steel Products Engineering.**

An interesting summary of the progress made by **Scullin Steel Co.** in debt retirement and description of the **First Mortgage 3%-6% Bonds due 10-1-51** has been prepared by **Stifel, Nicolaus & Co., Inc.** Available through the same firm is a new report on **Anheuser-Busch capital stock.** The market in **St. Louis Bank Stocks** continues strong with prices up materially since the first of the year. The bid side is best at the moment. Copies of their 1944 Manual of St. Louis Bank Stocks can still be obtained from **G. H. Walker & Co.**

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Why Interest Rates Remain Low

(Continued from page 1610)

funds: (1) the reservoir represented by the funds of commercial banks, and (2) the reservoir represented by the funds of all other corporations, individuals, political and social bodies except the Federal Government. And as a corollary of that, we might conclude that, if there are two reservoirs of funds, there are probably two supply-demand relationships, each of which could have an important effect upon interest rates more or less in proportion to the size of the reservoir."

Pointing out that although commercial bank excess reserves have declined from $7 billions to $1 billion in the last three years, the supply of currency has risen from $8 billion at the end of 1940 to $20 billion at the present time.

"There you have," continued Mr. Foster, "a 2½ fold increase in one of the elements of the public's supply of funds. But let's admit that currency may have expanded in exact proportion to the public's demand for cash in this particular form and may not, therefore, represent an excess supply of funds available for investment. Let us then consider the public's cash position in terms of deposits—demand deposits in commercial banks."

These deposits, it was pointed out, arise from two sources, (1) loans granted by the banks to borrowers and (2) cash deposits representing working balances of corporations, individuals, and others, with the exception of the Government. It is the relatively large amounts of the second class of deposits, i.e., cash deposits, which has permitted the heavy Government borrowing without effecting a substatial rise in interest rates.

Continuing, Mr. Foster stated:

"It is this situation, I think, which explains the fact that interest rates have stayed steady while the Government's borrowings increased, and while 'excess reserves' of the banks declined: Interest rates were prevented from rising by the pressure of tremendous and increasing excess funds in the hands of the public—funds which eventually seek investment.

"Of course, one can say that, after the war, the Government will still be in the market for new funds, and that there will also be great need for borrowing, by business for the erection and conversion of its plant and equipment, and by consumers for the purchase of consumers durable goods of all kinds. Such a statement may prove to be correct. However, in view of the magnitude of the Government's recent borrowing operations, it is by no means clear that after the war the combined demands of Government, business and consumers for new capital will, except perhaps for brief periods, exert as much pressure on the available supplies of investable funds as has recently been exerted. A fact which particularly appeals to me is that in one way or another industry has been and is being financed at today's record breaking level of production and that interest rates remain at the lowest levels in history.

"The conclusion that I arrive at by putting these various ideas together is this: We have been and continue to be in an excessively easy money condition—a condition so easy that Government borrowings of $72 billion of new money within a 12 month period were unable to cause interest rates, on the whole, to budge. Under the circumstances, I feel that we now lack any very compelling or convincing reason for expecting higher interest rates. And, in the absence of such a reason, I for one would prefer to accept interest rates as they are and adjust our operations to them. I have in mind the great mistake that so many institutional investors made during the thirties. Continually hoping that interest rates would start to rise again, they refrained, year after year, from making long term investments. And, year after year, they passed up investment opportunities such as they have never seen since. Let us not make the same mistake now. Let us not pass up the advantage of present yield possibilities by speculating for the 'more favorable opportunities of the future' that often do not materialize. Let us, to the contrary, adjust our sights to the present conditions of the money market. In the case of insurance companies this means, in many cases, the adjustment of the interest rate assumption to conform to current yield conditions; and in the case of mortgage bankers I should think it would mean the proper adjustment, whatever that may be, of mortgage rates to conform to the yields currently obtainable on other competitive types of investments, such as, particularly, fully taxable long term Governments."

The Business Man's Bookshelf

Camillus: The Story of An American Small Business—Alfred Lief—Columbia University Press, New York City—cloth—$2.00.

Handbook of Commercial, Financial and Information Services—Walter Hausdorfer — Special Libraries Association, 31 East 10th Street, New York 3, N. Y.—$3.00.

Petroleum and American Foreign Policy—Herbert Feis—Food Research Institute, Stanford University, California—paper—50c.

Price Making in a Democracy—Edwin G. Nourse—The Brookings Institution, Washington, D. C.—cloth—$3.50.

Production of Industrial Materials in World Wars I and II—Geoffrey H. Moore—National Bureau of Economic Research, 1819 Broadway, New York 23, N. Y.—paper—50c.

Steel Waste, a National Issue—Steel Case Research Committee of the Steel Industry—paper.

Bond Club Of Detroit Holds Dinner Tonight

DETROIT, MICH.—A. C. Allen, of Blyth & Co., President of the Bond Club of Detroit, announces that the Club's 28th Annual Dinner will be held on Thursday, April 20th, in the Wayne Room of the Statler Hotel, at 7:00 P. M.

Feature of the evening will be a debate on the subject—"Management-Labor Relations In The Post War Period".

John L. Lovett, General Manager of the Michigan Manufacturers Association, will speak for Management and Victor Reuther, Assistant Director, War Policy Division U.A:W.-C.I.O., will speak for Labor.

Douglas H. Campbell, First of Michigan Corporation, is Chairman of the Entertainment Committee.

Prospects For Return To Gold Standard After War

Abraham & Co., 120 Broadway, New York City, members of the New York Stock Exchange and other Exchanges, have issued an analysis of the gold situation and the prospects for a return to an international gold standard after the war. Copies of this interesting study may be obtained from Abraham & Co. upon request.

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Michigan Brevities

There are additional indications that the holdings of the late Edsel Ford in the Manufacturers National Bank of Detroit will be sold in the near future and both Detroit and New York brokers are vieing for this business.

Although it is not generally known, the Ford-owned Seaboard Investment Company owns about 40% of the outstanding 60,000 shares with about 42% held by the Edsel Ford estate. Only the latter block would be marketed, in all probability.

The stock is currently quoted 165 bid, offered at 175.

* * *

The compromise settlement whereby Prentiss Brown, former U. S. Senator from Michigan, will become chairman of the Detroit Edison Co. was one of the high spots of Detroit financial news.

Mr. Brown was the candidate of William G. Woolfolk and the American Light & Traction Co., which owns about 20% of the Edison stock, and originally he was slated to be President.

When the local group balked at this—they also had the support of Director James L. Fogarty of North American—, the deal was made whereby James Parker was promoted from Vice-President to President and the new post of Chairman created for Brown.

The new officers will take over after approval at a stockholders' meeting which is to be called in about three or four weeks.

* * *

Charles Sorensen, former Ford production genius who recently resigned as Vice-President, is the subject of more rumors than any one in the business world.

Gossip has had him with General Motors, as a General in charge of the Army's interest in Willow Run, with UNRRA in government service, with F. L. Jacobs Co., and even back with the Ford Motor Co.

* * *

With the auto industry's leaders in Washington to meet on reconversion problems, the problem takes on new importance.

There has been talk that Hudson might be allowed to build some new cars. It is known that WPB's Nelson and Wilson favor resumption of production of new cars in the not too distant future.

However, one point that the auto industry will fight for is an equal start for all members of the industry. Secondly, they would like to get a joint commitment that all firms would start off on the '42 models so that no one would get a head start model-wise.

Arrangements have been completed by the Miller Manufacturing Co. for the public distribution of 95,000 shares of $5 convertible Class A stock.

Offering of the shares, each of which will be convertible into three shares of Miller $1 par common, will be made at $10 a share by a nationwide syndicate headed by Baker, Simonds & Co. of Detroit, Van Alstyne, Noel & Co. of New York and Straus Securities of Chicago.

Proceeds will go towards the purchase of Rieke Metal Products Co. of Auburn.

* * *

Personal Notes: National Bank of Detroit now has three gold stars on its service flag, two being added in a 24-hour period. . . . Collector of Internal Revenue forced the Detroit office of Securities Exchange Commission out of its quarters and it is now located at 1074 Federal Building. . . . Banking circles buzzed with news of the organization of a Negro small loan organization, which, according to its officers, will eventually become a full-fledged Negro bank—Detroit's first.

Fire & Casualty Manual

White & Company, Mississippi Valley Trust Building, St. Louis, Mo., announce the publication of their 1944 "Fire and Casualty Insurance Stock Manual," which includes a Bank Stock section. This attractive brochure contains full-page descriptive matter on some 38 issues, as well as a page devoted to pertinent facts toward proper appraisal. Copies of the brochure are available to dealers on request from White & Company.

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Bank and Insurance Stocks

This Week—Bank Stocks

By E. A. VAN DEUSEN

First quarter statements of leading New York City banks fulfilled the generally optimistic expectations of well informed followers of the bank stocks. Compared with the first quarter of last year, indicated earnings per share for the first quarter of 1944 of 15 leading banks, averaged approximately 24% greater, and book value per share 5.0% greater. The market has given some recognition to this favorable development and, as measured by Standard and Poor's weekly index of New York City bank stocks, currently stands at 99.9 compared with 92 a year ago, or 8.6% higher.

In the accompanying tabulations, Table I and Table II, comparative figures for 15 banks are given for the two periods. In Table I indicated earnings and book value are shown, and in Table II, deposits and earning assets.

Comparative Analysis
leading
New York City Bank Stocks
Available on Request
Laird, Bissell & Meeds
Members New York Stock Exchange
120 BROADWAY, NEW YORK 5, N. Y.
Telephone: BArclay 7-3500
Bell Teletype—NY 1-1248-49
L. A. Gibbs, Manager Trading Department)

	Indicated Earnings 1st Qtr. Per Share		Book Value Mar. 31 Per Share	
	1943	1944	1943	1944
Bank of Manhattan	$0.30	$0.43	$24.38	$25.26
Bank of New York	5.58	6.72	350.63	362.19
Bankers Trust	0.76	0.88	46.48	50.67
Central Hanover	1.25	1.30	96.12	99.45
Chase National	0.58	0.71	33.77	37.57
Chemical Bank & Trust	0.62	0.71	40.40	41.50
Corn Exchange	0.80	0.94	48.38	49.69
First National	17.14	23.66	1217.58	1250.26
Guaranty Trust	4.00	6.19	314.94	326.96
Irving Trust	0.19	0.24	21.02	21.38
Manufacturers Trust	0.91	0.99	39.80	42.24
*National City	0.46	0.49	33.22	38.54
New York Trust	1.15	1.60	84.57	86.06
Public National	0.69	1.00	46.82	48.93
United States Trust	16.05	16.88	1505.83	1519.38

*Includes City Bank Farmer Trust.

	Deposits March 31		Earning Assets Per Share	
	1943	1944	Mar. 31, 1943	Mar. 31, 1944
Bank of Manhattan	$862,797,000	$949,586,000	$333.58	$388.81
Bank of New York	308,698,000	347,275,000	4,222.51	4,886.38
Bankers Trust	1,434,002,000	1,647,765,000	477.43	589.06
Central Hanover	1,422,819,000	1,553,038,000	1,083.59	1,277.19
Chase National	4,203,291,000	4,457,582,000	464.52	515.28
Chemical Bank & Trust	1,041,405,000	1,206,320,000	432.51	518.06
Corn Exchange	512,996,000	603,997,000	542.15	649.15
First National	882,707,000	939.721,000	8,110.12	9,555.72
Guaranty Trust	2,666,261,000	2,940,179,000	2,681.16	3,050.40
Irving Trust	888,494,000	1,027,501,000	155.13	185.55
Manufacturers Trust	1,344,604,000	1,562,527,000	642.41	678.90
*National City	3,444,554,000	4,074,554,000	450.34	551.97
New York Trust	596,585,000	694,918,000	993.37	1,000.72
Public National	243,970,000	339,688,000	512.51	732.66
United States Trust	111,646,000	125,306,000	5,798.69	6,486.40

*Includes City Bank Farmers Trust.

It will be noted in Table II that deposits are substantially higher than a year ago for each of the banks. The total for the 15 banks aggregated $22,469,957,000 on March 31, 1944, compared with $19,965,225,000 on March 30, 1943, a gain of over $2,500,000,000 or 12.5%. In consequence, the earning assets per share are also considerably greater than a year ago, the average gain for the 15 banks being approximately 17.3%.

Dividends are unchanged and, furthermore, appear secure for the duration, with prospects of a few increases after the war. It is thus of interest to note that currently the average yield of these 15 stocks is 3.8%. The stocks which give the highest yield are First National at 4.9% and Corn Exchange at 4.7%, while those which give the lowest yields are Bankers Trust at 2.8% and National City at 2.7%.

White In New Quarters

CINCINNATI, OHIO — J. A. White and Company, specialists in Ohio municipal bonds, announce the removal of their offices from 2505 Union Central Building to larger quarters at 1425 Union Central Building.

Do Bank Stocks Move Uniformly?

Few people realize the extent of the divergence, in market performance, among New York City bank stocks.

Our current bulletin reviews price trends for 12 leading banks over an 11 year period. This story indicates the need for discrimination—and the presence of opportunity—in this field.

You may have a copy on request.

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Future of Air Transport

(Continued from first page)

making such a plan effective since few, if any, of them had much beyond their practically obsolete planes. They needed capital for new equipment and for a small payroll so the first step in making an airline was to find an angel, usually a citizen with a great deal of money and likewise imbued with imagination. Unfortunately in those days bankers viewed such undertakings with more than the usual skepticism. In justice to the bankers it must be explained that their attitude today is entirely different. But, going back to that old time, once an angel was found and new equipment ordered, the next step was to hire a publicity agent in order that the community could be kept aware of this new means of travel and perhaps additional angels be acquired. And promptly it was desirable to hire a so-called legislative engineer to obtain a contract for the carrying of mail. With such a beginning accomplished it needed only the most astute and pinch-penny management to keep it alive.

The developmental problems of the airlines were multiple. First, public confidence in this new means of transportation had to be obtained if a sufficient number of passenger sales were to be made. Secondly, the development had to be made out of capital and not out of earnings. Because of its novelty public acceptance could not be expected until the airline had made its services more speedy, more perfect, more reliable, and more safe. This had to be done from capital and not from earnings. Many other industries have been able to finance at least some of the growing development of products through sales dollars. This is true of the automobile, radio, refrigerator, and other industries where the consumer dollars were used year after year to develop early products to a high degree of perfection. The airlines could not do much of this as they had to be as nearly perfect as possible at the start if public acceptance were to be obtained.

What really gave the impetus to airline growth was the fact that mail could be carried faster by air. While air mail service was instituted in 1918 the idea itself was not new. In 1911 during a week of demonstration flights approximately 40,000 pieces of mail had been flown from the small town of Nassau Boulevard on Long Island to Mineola, a distance of three miles. In May, 1918, regularly scheduled air mail flights were established between Washing and New York and later expanded to transcontinental service. This service was performed by the Government under the Post Office Department from 1918 to 1925. For the three following years during the transition to private air carriers both the airlines and Government planes carried the mail. From those years we can get an excellent idea of the economy of private management. In 1927 the Government mail planes flew 2,329,553 revenue miles and the private carriers 2,805,781 revenue miles. Government costs were almost twice as much to perform the same air mail service as were private operators' costs. The Government operation that year cost a total of $2,255,919 for an average cost per plane mile of $.968, as against a total for the private airlines of $1,363,228 at an average plane mile cost of $.486.

In those early days of airline development air mail provided the most important portion of revenue. In 1931 mail provided 82% of all revenue and passengers 17%. Today air mail accounts for only approximately 20% of the revenue received by the airlines, while passenger fares provide about 75% of income with air express accounting for the balance. While these are the average figures for the overall domestic airline picture naturally there are a few of the smaller airlines still dependent upon air mail for a large part of their income.

In spite of the fact that air mail service had been instituted in 1918 it was not until 1926 that aviation entered the transportation industry. This was brought about by the passage in Congress of the Air Commerce Act and establishment of the Aeronautics Branch of the Department of Commerce. It was in this same year that Congress authorized a five-year plan to provide our military services with airplanes but somehow the plan was lost in the shuffle. In 1926 there were in the United States 11 airlines and they carried 5,782 passengers. The number of airlines increased each year and four years later in 1930 there were 38 airlines which carried 374,935 passengers in 497 planes. 1930 witnessed the greatest number of individual companies in the domestic air transportation business to date. In the next six succeeding years there was a reduction in numbers of companies as consolidations and eliminations took place and in 1937 there were only 17 domestic airlines in the United States. the number we have today, and which 17 airlines in 1941 had 359 planes before a Presidential order took half our equipment for the army.

In each year of airline operation, with the exception of 1934 when the ill-advised cancellation of the air mail contracts took place and the army undertook to fly the mail with most unfortunate results due to unsuitable equipment, there has been an expansion of scheduled airline flights. With that expansion there was greater utility for the use of equipment. In 1928 each plane was flown an average of 38,000 miles a year. Two years later the average had almost doubled to 64,000 miles and in 1941, the last year of normal operation, it was more than 370,000 miles per plane and today it is even greater.

This better utilization of existing equipment has made for more profitable operation. And as the airline services expanded both in operations and in volume of passengers carried, so did the aver-

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age length of passenger trip. In 1930 that trip was 224 miles and in 1941 it was 367 miles.

The future of air transportation is dependent upon many factors, one of which is the ability to develop a profit on invested capital. With the growth of the number of air transportation companies it was natural that not all of them would be profitable. There are few industries in which all components make money. It is interesting, however, that the profits shown by the money-making lines, beginning in the fiscal year of 1939, exceeded the losses suffered by those other lines yet to establish a profit. Of the 14 airlines whose financial statements in Moody's Manual are shown for 1941 six operated at a combined profit of almost $8,000,000 and the other lines showed an aggregate loss of a little more than $1,000,000. With the downward trend in the unit return we may expect for performing air mail service it becomes more apparent that our revenue will have to increase through the expansion of the passenger and express services we may anticipate following the victory when airplanes will be available and when some of the numerous new routes now applied for have been established.

We are today carrying 200 pounds of mail at about the same rate as we do a 200-pound passenger and we make more money from the passenger because the passenger loads and unloads himself at terminals whereas mail requires much handling in addition to much paper work.

There has been a great deal written about the potential profitable business for the airlines in air freight. The development of this phase of the air transportation business hinges to a great degree upon the efficiency of the types of airplane equipment which will be avaliable for use after the war. We know the Army Transport Command and Naval Air Transport Service have demonstrated that it is possible to carry cargo which might include tractors, jeeps, field guns, and even Chiefs of State to any part of the world. This however, is no criterion for the airlines since the fine job those military services have done was in the course of the war where cost is probably the least interesting factor. Exactly what the full potentialities of air cargo may be in the future are hard to determine at this time because they require a number of indeterminate guesses made under conditions which surely will not exist five years after this war. A number of the airlines have taken cognizance of the potential in air freight and have formed Air Cargo, Inc., which is completing an exacting study of the problem. Today Air Express is collected and distributed by the Railway Express Agency. It is not necessary to point out that the development of air cargo currently is almost out of the question since the airlines are suffering badly from lack of planes and unfor-

(Continued on page 1627)

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Mutual Funds

"What Industries In 1944?"

Hugh W. Long & Co. has followed up its announcement of the results of its "Industry Selection" contest with a tabulation of the individual votes in the April 15 issue of **The New York Letter.** This tabulation reveals that although the rails lead the list for first place with 88 votes as against 57 for railroad equipment and 46 for steel, the railroad equipment industry was actually the favorite in total votes scored.

The contest called for the naming of the first seven groups in performance for 1944 and, in total votes scored on this basis, the railroad equipment industry received 287 votes to top the list, as against 231 for the railroads and 225 for the steels, which ran a close third in preference.

The **Letter** also contains a chart showing the market action of the various Series of **New York Stocks, Inc.** during the first quarter of 1944. This chart reveals that the **Railroad Series** far outdistanced all others for the three months' period, with **Railroad Equipment** and **Steel** scoring only moderate gains. However, the **Letter** hastens to point out that "the leader at the first furlong doesn't of necessity win the race."

* * *

Distributors Group has published a new folder on **Railroad Equipment Shares,** "An Undervalued Group." Among the interesting data contained in this folder is an estimate of post-war earnings for the 15 leading railroad equipment stocks currently held by **Railroad Equipment Shares.**

These 15 leading railroad equipment stocks earned on average $2.76 per share in 1943, compared with $2.75 in 1937. Yet today these stocks are selling on average at less than 9 times earnings, whereas in 1937 they sold at over 22 times earnings.

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"A careful estimate of their earnings in the first full post-war year indicates an average per share net of $5.99, or more than double their 1943 earnings. On this basis, even should these stocks continue to sell at only 9 times earnings, they would more than double their current price in the first full post-war year."

The letter accompanying this new folder concludes as follows: "In the opinion of our Investment Research Department, selected railroad equipment stocks are substantially undervalued today and afford one of the most promising opportunities for capital appreciation in the early post-war period."

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* * *

In the current issue of **Keynotes,** a sensible and timely plea for "A 'Dividends-Paid Credit' for Corporations" is made by **Keystone Corp.** There has been increasing agitation for this type of tax reform lately and **Keynotes** makes a point for such reform in clear and simple language.

"Let's assume that a corporation earns $10 a share before taxes. Under our present system of double taxation, the corporation is taxed at a rate that may be 70%—which takes $7. The remaining $3 may then be paid to the shareholder and may be taxed again at rates varying from 20% to 90%. After paying his individual tax, the shareholder has from 30¢ to $2.10 out of the $10 of earnings."

* * *

"How Much Further Profit in Preferred Stocks?" is the title of a new eight-page folder from **Lord, Abbett,** sponsor of **Union Preferred Stock Fund.** This study —for it may rightly be called such—shows exactly where the 35 preferred stock in the portfolio of **UPS** stand today in relation to each of the past three years with respect to earnings and market prices. The conclusion is left to the reader but it is quite clear from the figures that there is still a large appreciation potentiality in discount preferred stocks—particularly in the public utility section of the list.

Another current publication from **Lord, Abbett** takes the form of a 16-page, pocket-size booklet entitled "VALUE as a Basis of Income and Security in Bond Investment." This booklet discusses the various measuring sticks which are used in determining bond values and expresses a definite opinion as to the value of each. The following various forms of selection: (1) by Legal List, (2) by Rating Agency, (3) by Industry, (4) by Geographic Section, (5) by Yield, are all taken to task as possessing basic fallacies. "Value Selection," based on the premise that value is "where you find it," is stressed as the fundamental approach to the management of the bond portfolio.

This discussion is related to **Union Bond Fund "A."** An interesting table listing facts about the issues in the **UBA** portfolio is included. This information is also supplemented by an issue of **Abstracts** in which the market performance of **UBA** since Jan. 1, 1941, is tabulated and other current statistical data are presented.

* * *

"The Renaissance of the Railroads" is the subject of **National Securities & Research Corp.'s** current issue of **Investment Timing.** In customary thorough fashion this discussion covers the various factors in the railroad situation today, including the factors now curtailing earnings, the progress in debt retirement, the 1944 outlook, transportation competition and the market valuation of railroad securities.

In conclusion it is stated that "More than four years of war-induced increase in freight and passenger traffic have given the railroads a new lease on life and their securities a return to popular favor. . . .

"The vastly improved fundamental position of the rails has not yet been fully discounted by recent advances in market quotations for both railroad stocks and medium - grade bonds. The post-war earnings outlook for the carriers, in relation to the prices of their securities, is favorable."

"Gold in Demand" and "Farm Speculation" are just two of the interesting paragraph headings in the current issue of **Selected Investments Co.'s** little weekly publication "These Things Seemed Important." With respect to gold it is pointed out that last week the Reserve Bank of India sold gold in Bombay to eager purchasers at a price of 78 rupees, 8 annas per tola. Translated at current exchange rates, this means the people in India were paying more than $63 an ounce. Gold brings only $35 an ounce in the U. S.

* * *

National Bond and Share Corp. reports that net assets on Mar. 31, 1944, amounted to $8,662,387, equivalent to $24.06 per share on 360,000 shares of outstanding capital stock. This compares with net asset value of $23.60 per share on Dec. 31, 1943.

Investment Literature

George Putnam Fund—A portfolio folder showing investments owned on April 1, 1944, and including one of George Putnam's inimitable letters to shareholders. . . . **Massachusetts Distributors**—A current issue of **Brevits** discussing "Planned Economy and Private Enterprise." . . . **Eaton & Howard, Inc.**—A folder showing the record of "Twelve Years of Stewardship" with respect to **Eaton & Howard Balanced Fund. . . . Commonwealth Investment Co.**—A new prospectus dated March 31, 1944. . . . **Distributors Group**—A memorandum "How Important Is Income?" on **General Bond Shares,** together with a revised folder on that Group. Also a current issue of the monthly **Investment Report. . . . National Securities & Research Corp.**—A revised folder on **National Securities Income Series. . . . Hugh W. Long & Co.**—A current issue of **The Railroad Investor** quoting Standard & Poor's on the railroad outlook and showing the performance of **New York Stocks' Railroad Series** versus the Dow-Jones Rail Average since the Dunkirk low. Also a monthly portfolio folder on **Manhattan Bond Fund.** . . . **Lord, Abbett**—A new prospectus on **Union Trusteed Funds** dated March 17, 1944. . . . **Hare's Ltd.**—A folder entitled "Aviation Expansion After the War."

Dividends

New England Fund—A dividend of 15¢ per share payable May 1, 1944, to shareholders of record April 20.

Boston Fund—A quarterly dividend of 16¢ per share payable May 20, 1944, to shareholders of record April 28.

End Multiple Taxes On Trust Shares

Governor Dewey signed on April 4 the Bewley bill, designed to prevent double and occasionally triple taxation of the same transfers of stock and other corporate certificates. Reporting this advices from Albany to the New York "Times" stated:

The new law exempts from transfer tax sales of the stock or certificate of an investment trust between the investment trust and an underwriter, between an underwriter and a dealer in securities or between an underwriter or dealer and an investor.

Situation Of Interest

A circular analyzing the problems of Boston Terminal Company has been prepared by E. W. Clucas & Co., 70 Pine Street, New York City, members of the New York Stock Exchange. Copies of this interesting analysis may be had upon request from E. W. Clucas & Co.

Commodity Price Regulation And Reconversion

(Continued from first page)

should govern this important element of reconversion. The Reports are singularly silent even as to price policies that should be followed in the reconversion process. With minor exceptions these parts of the general problem are treated only by inference or their determination is postponed, being allocated to the central demobilization agencies whose establishment they recommend. Both Reports concern themselves only with the disposition of the "surplus goods owned by the Government" and would let the agencies, in the words of the Senate Report, "determine the necessity for continuing or relaxing price controls, rationing and allocation of materials, in order to keep the economy on an even keel." While the agency is to operate "under broad principles laid down by the Congress," no such principles are even suggested with respect to "price controls, rationing and allocation of materials," and apparently none is to be laid down except and until the agencies recommend.

Quite plainly neither of these Reports was minded to come to grips with the basic question whether the government controls of production and prices should be lifted straightway once the war ends. The Senate Report did declare that the "paramount consideration in the handling of all demobilization problems should be the preservation and strengthening of the American system of free competitive enterprise," and the other Report in a sentence tells how the productive capacity of our individual enterprise system exceeds that of Communism, Fascism and Nazi-ism, how desirable it is speedily to extricate our Government from industry, and to close "the books on the war as quickly as possible," not leaving "the government after the war a jackpot of controls which invites every pressure group to hit it." Nevertheless, the Reports are replete with proposals that directly require long continuance of the "jackpot of controls," which wittingly or unwittingly, may well make for totalitarianism. It is unfortunate that neither report takes as a major theme the absolute necessity of wiping out the whole array of war controls if our individual enterprise system is to be rehabilitated.

Among the various war controls price control is less defensible than control of manpower and physical materials, and it rests on a different basis. The war is fought by men and materials—they are indispensable in destroying the enemy, and the state is warranted in drafting and controlling labor; and in requiring the maximum production and conservation of materials. Such warrant as obtains for rationing and price control of civilian goods lies in shifting the costs of war as among social classes, from what the incidence would be under a free economy: they are designed to defeat the use and natural effect of the plethora of money that war financing puts into the hands of the people. In order to arouse and then maintain the maximum effort of the people, it is deemed expedient to bribe them by high wages and profits; but the present enjoyment of the higher incomes is straightway defeated by rationing and price control, as well as by taxation, bond purchases and forced saving.

All these controls are inconsistent with the freedom of spirit and action characteristic of the individual enterprise system. They are tolerated by the people in wartime only because they are thought to promote the successful prosecution of the war. During the war patriotism, common dangers and common objectives make the people tolerate these irksome controls, on a larger scale and more intensive as the war proceeds. The controls may reach, are likely in fact to reach, the stage of totalitarianism, which is the very pole of the individual enterprise system.

At the conclusion of the war there is only one way to restore the traditional American system of private enterprise, constitutional government, and personal freedom: the war controls must be abandoned, as well as many of the controls initiated during the depression of the 1930's. During that decade the trend toward totalitarianism was pronounced, and the war greatly accelerated the peace. Never in our history have we departed so far from the first essentials of the traditional American way of life, and it can be retrieved only by sharp decision, unequivocal determination, and persistent effort. And it will require sacrifice, patience and courage. Although we note the cumulated irritation from rationing, price ceilings, priorities and material allocations, we cannot count on it mounting to an irresistible demand for the immediate restoration of free enterprise and free markets. After a decade of toleration, interests will have become vested who will find for continuance of controls and theorists will rise to defend them and even to argue for a totalitarian economy.

One group will be apprehensive of inflation, another of deflation, if the controls are removed. These apprehensions have some warrant in theory and in precedent, but they fail to give due consideration to the necessities of the individual enterprise system. If the price of any commodity rises or falls with respect to the prices of other things due to scarcity or plethora, the rise is tell-tale and self-corrective: it is prices that direct production and distribution; it is prices that guide the economic system when markets are free, instead of the dictator in a totalitarian regime or the OPA Director in our war economy. On the one hand, high and rising prices make for more production, bigger profits, higher wages, and prosperity; and on the other hand, they cut the demand, making the people ration themselves. Shifts in supply and demand soon bring prices into line.

If it be general inflation that is feared—on account of an excessive supply of money—it cannot be obviated by price control and rationing devices in time of peace, nor is it likely that it can be obviated by increasing the supply of goods. Without the toleration and cooperation of the people, as in time of war, the control devices are doomed to break down; and if the money supply has been jumped two, three or more fold, it is beyond physical possibilities to jump the volume of production comparably. Efforts to hold down the price level will only delay the rise. The only effective technique would be the imposition of very high taxes on the income receivers and the destruction of the money received. The present prospect is that for the rest of the war and for a long time after the war more money will be created than destroyed, and inflation will proceed willy nilly. In other words, if rationing and price controls are kept after the war ends with a view of obviating inflation, there can be no stopping — we shall surely proceed to totalitarianism. It seems the greater wisdom to discard controls and let the price level adjust itself to the supply-demand situation quite soon after the war.

The coming depreciation of the dollar will merely allocate and distribute the monetary cost of the war after the manner prevented during the war by the resort to price ceilings, rationing and other controls. Recently the Price Administrator has boasted that his price controls have saved the people of our country $67 billions; even grander estimates of alleged savings from price controls by more imaginative advocates have appeared. This is utter deception. One group of people saved in expenditure what another lost in receipts; as a nation there was no saving. What really transpired was that, for the time being and to the degree prices were stabilized, all creditors, receivers of fixed incomes, owners of money and bank balances were not despoiled by debtors, employers, and owners of equities and land. At the best the price controls merely postponed the effects of inflation.

The allocation of materials, tools and equipment may be a means of indirect price control, and it too will make for totalitarianism if continued far into peacetime. In free markets prices wil distribute these items in such a way as will accomplish the optimum advantage from our resources, the fullest employment of our people, and the maximum volume of consumable goods and services. No Fuehrer, surrounded by all the superior minds can assemble as advisers and directors, can do the job so well. A government truly interested in encouraging production and employment will assure all its citizens full freedom of contract and the right to enjoy the fruits of their toil. When a government tries to promote the welfare of favored groups of its citizens, it proceeds by restricting the freedom of the market, the freedom of contract of sale or hire, and substitutes arbitrary laws and directives, so that the individual citizen no longer has the opportunity to provide for his own needs by using his talents in the fittest way and as his ambitions and desires may direct.

Scarcely anything could be worse in defeating reconversion of industry from war to peacetime basis than Stabilization Director Vinson's recent "2% profit directive," stipulating an arbitrary profit ceiling on production—that average pre-war price margins over cost are to apply on all mandatory production of civilian goods so long as W.P.B. directs the national production pattern. The extension of such mandatory production programs to many lines and with narrow profit margins is a sure way of perpetuating price and other controls. This directive typifies government action in trying to promote the welfare of one group of citizens (in this case the consumers, wage earners) at the expense of another group (entrepreneurs).

The war has distorted and dislocated our economy beyond description. The changes have been wrought by government requirements; and it is logical and just to expect help from the government in restoring the economy and repairing the damage. That the controls cannot be scrapped overnight when the war is won wil command common consent. The general attitude toward government controls is perhaps that they should be thrown off as soon as production begins to come within striking distance of demand, as soon as enough civilian goods reach the market to absorb the surplus purchasing power. Eccles recently declared that such controls "are a form of insurance against economic disaster" that is, inflation, and he urged Congress to extend them for a period of two years after the war. Whiteside asked a "postwar quota system for three years to peg activity at 1939 levels." A prominent columnist recently argued that both the United States and England must endure a more rigid food rationing after the war than they now endure, in order to relieve suffering humanity in Europe, at least until the first full harvest there; and similarly it is said that gasoline and oil allotments for civilian use will continue severely restricted after the war, for any decrease in needs for military purposes will be offset by rehabilitation demands in liberated countries.

All these citations indicate that the extrication of our individual enterprise system from the thraldom of war controls will be a difficult task, for the continuance of the controls will be supported by the bureaucracy reluctant to abandon positions of safety and power; by theorists who advocate government regimentation and the redistribution of wealth; by the industrialists who lack courage and seek protection and subsidy from government; by visionaries bent on saving the world; by labor and other groups who have enjoyed favors from government during the war; and by those who have lost faith in private enterprise.

It is of fundamental importance that the controls and at the earliest possible moment and that the country be assured that this is the government policy, Too much attention to the "orderly demobilization of the war machine" and to the prevention of runaway prices is too likely to perpetuate the war controls. Private enterprise can live and flourish only in freedom under law—freedom from the discretionary managerial authority of bureaucrats. Its peacetime functioning canont be successfully combined with wartime controls. These controls must end with the war.

The CHRONICLE invites comments on the views expressed by Dr. Westerfield in this article, or on any related phases of the subject under discussion. Comments should be addressed to Editor, Commercial and Financial Chronicle, 25 Spruce St., New York (8), N. Y.

Books Closed on Offering Of National Bank of Tulsa

It is announced that subscription books have been closed on the public offering of 125,000 shares of common stock of the National Bank of Tulsa, Okla. The advices to this effect were made by Merrill Lynch, Pierce, Fenner & Beane who headed the distribution. The offering, referred to in our issue of April 6, page 1413, was oversubscribed.

N Y Bank Stocks Compared

An interesting tabulation of comparative figures for leading New York banks and trust companies as of March 31, 1944, has been prepared by the New York Hanseatic Corporation, 120 Broadway, New York City. Copies of this interesting table may be had upon request from the New York Hanseatic Corporation.

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SOUTHERN RAILWAY COMPANY

Fiftieth Annual Report for the Year Ended December 31, 1943

Richmond, Va., March 25, 1944.

To the Stockholders of
SOUTHERN RAILWAY COMPANY:

The Board of Directors submits the following report of the affairs of the Company for the year ended December 31, 1943, which is the annual report it is contemplated formally to present to the stockholders of the Company at the annual meeting due to be held on May 16, 1944.

Foreword

In the second full year of war the American railroads were again called upon, in an increasing degree, to demonstrate their indispensable place in the Country's war effort—their fundamental function being the transportation of the bulk of the sinews of war and the men who make war with them.

The story of 1943 is a record of this job well done. The detailed report to follow shows that this Company, in earnest cooperation with the other railroads, the shipping and traveling public and with the many branches of the United States Government, did its full part in the accomplishment of the unprecedented task.

The officers and employees of the Company, conscious of their patriotic privilege, again renew their pledge to continue their unremitting efforts until the war is won.

The experience of 1943 justifies repeating the admonition in the Report for 1942 as to the temporary character of wartime earnings, and a stronger emphasis upon what may probably be more permanent, namely, the increased and constantly increasing burden of expenses and taxes with their inevitable depressing effect upon net earnings. As will be shown in this Report, the Company's accomplishment in reducing fixed charges is noteworthy, but, unfortunately, must be contrasted with the uncontrollable increases in wages, taxes and the cost of materials.

Detailed account of the year's activities follows:

The Year's Business

The revenue from the operation of the railroad in 1943 was $245,532,051, an increase of $40,926,470, being 20% more than the previously high recorded gross revenue of 1942.

The ebb and flow of the Nation's business through the years is well illustrated by the peaks and depressions in the Company's records of gross revenue. In 1926, the peak year of the prosperous twenties, the Company received gross revenues of $155,467,000. In 1932, the depth of the depression, the gross fell to $72,986,000. War traffic in large measure produced the new all-time record of $245,532,000 in the year just closed.

Both freight and passenger revenue attained new high records in 1943, the increase in freight revenue amounting to $16,164,015, or 10.32% more than in 1942, while the passenger revenue increased $21,394,902, or 59% over 1942. Passenger revenue constituted 23% of gross revenue, a new high proportion for this business since 1918.

The following comparative statistics show the extraordinary war time traffic conditions:

	1943	1942
Freight moved (tons)	61,747,215	61,330,812
Average distance moved (miles)	247.79	223.01
Ton miles	15,300,520,696	13,677,367,475
Average revenue per ton mile	1.129¢	1.145¢
Total freight revenue	$172,799,049	$156,635,034
Number of passengers	14,678,774	10,188,896
Average journey (miles)	177.52	175.45
Passenger miles	2,605,816,163	1,787,627,108
Average revenue per passenger per mile	2.213¢	2.029¢
Total passenger revenue	$57,660,240	$36,265,338

Large as were the increases in gross revenue, the 1943 increases in Operating Expenses and Railway Tax Accruals were even greater:

Operating Expenses were $136,604,153, an increase of $22,857,416, being 20.10% more than in 1942, the rate of increase being thus slightly greater than the 20% increase in gross revenue just stated.

Railway Tax Accruals, including the accruals for Excess Profits Taxes, amounted to $70,437,236, an increase of $28,948,841, being 69.78% more than in 1942 (due in large part to the extinction of excess profits credit carry-over) and equivalent to nearly 29¢ out of every dollar of gross revenue.

The breakdown of expenditure out of each dollar of revenue among the several general heads of Operating Expenses was as follows:

	1943	1942
Transportation of the traffic	25.25¢	26.79¢
Maintaining roadbed and structures	10.96¢	9.61¢
Maintaining rolling stock	15.12¢	15.09¢
Traffic expenses	1.12¢	1.13¢
General expenses	2.24¢	2.09¢
Incidental expenses	.95¢	.88¢
Totals	55.64¢	55.59¢
Taxes	28.68¢	20.28¢
Total expenses and taxes out of each dollar of revenue	84.32¢	75.87¢

After deducting Operating Expenses, which included sharply increased Wages, and after Taxes and Equipment and Joint Facility Rents, there was left but 14.56¢ out of each dollar of operating revenue to meet fixed charges, finance capital improvements, buy new equipment, retire debt, lay by a small reserve for rainy days, pay a modest return to the owners of the property, and for the numerous and necessary corporate obligations of every other kind.

Operations and Maintenance

Despite the growing shortage of manpower, the inability to obtain substantial additions to motive power until late in the year, and the extraordinary volume of freight and passenger business, operations were conducted with safety, as shown by the lowest percentage of casualties per train mile in the Company's records. Operating efficiency also increased, as shown by the lowest transportation ratio in the history of the Company, this ratio for 1943 being 25.25%, as compared with 26.79% in 1942.

With an increase of only 2.75% in the aggregate tractive power of locomotives available in 1943 as compared with the pre-war year of 1939, for example, total freight and passenger locomotive miles increased last year to 47,971,839, a record for the Company; and an increase of 43.81% over 1939. This indicates the greater rapidity of repairs and the faster "turn-around" of the available power.

The large increases in traffic in 1943 were accompanied by even larger increases in maintenance expenditures. Labor rates were higher, inexperienced new employees and shortage of labor added to the burden, while the unit cost of practically all materials increased greatly. A conspicuous example is the increase in the average cost of cross ties over the past few years which has been as follows:

Year	Average Cost Per Tie
1936	$0.99
1937	1.17
1938	1.30
1939	1.45
1940	1.50
1941	1.56
1942	1.76
1943	1.92

The property, way and equipment, was kept in good condition throughout the year. Maintenance of Way and Structures cost $26,916,811 in 1943, an increase of 36.89% over the previous year, and Maintenance of Equipment expenses were $37,125,333 during the year, an increase of 20.27% over 1942.

The trestle filling program was accelerated, about two and one-half miles of trestles, in 88 separate locations, having been filled in 1943, thereby making, to that substantial extent, a more "permanent way" and reducing future maintenance.

Bad order freight cars on December 31, 1943, represented only 1.37% of the Company's total ownership, and engines awaiting repairs on the same date were only 7.33% of total ownership, both being lower than all previous records.

New Rail

During the year 1943 there were laid 40,733 tons of new rail, as compared with 38,787 tons laid in 1942, and 20,925 tons in 1941.

Scientific inspection of the track for concealed defects in rail has continued throughout the year and with shortened intervals between the inspections. Largely as a result of these inspections there were removed, and replaced, about 43.5 track miles of rail in 1943.

Orders have been placed for 66,100 tons of new rail in 1944.

New Equipment

During 1943 there were delivered 1,450 new 50-ton composite type open-top hopper cars included in Southern Railway Equipment Trust, Series "KK", under which there were issued $2,820,000 principal amount of 10-year 1⅞% Certificates, representing about 75% of the cost of such cars.

As of December 31, 1943, Southern Railway Company owned 15,986 freight train cars of less than five years of age, these newer cars now constituting 38.18% of the Company's total ownership.

Due to the acquisition of new freight equipment the Company's charge to operations, called "Hire of Equipment", which represents the net rentals paid for the use of other railroads' equipment, has shown the following declining trend:

Year	Net Debit from Hire of Equipment
1938	$3,074,519
1939	1,918,509
1940	2,386,269
1941	2,246,227
1942	2,095,788
1943	1,608,717

The Company's Hire of Equipment charge in 1943 would have been substantially lower than shown, except for the inclusion in the rentals of charges for the use of privately owned oil tank cars used for the war emergency transportation of oil.

The three 5400-horsepower Diesel-electric road freight locomotives, mentioned in last year's Report, were received, one in October, 1943, and two in November, 1943. Their entire cost, aggregating approximately $1,500,000, was financed through the issuance of notes maturing monthly within two years, at an interest cost of 1½% per annum. Since their delivery they have aided materially in handling the large freight business which is still continuing.

There are now on order 950 steel freight train cars, formerly restricted by limitation order of the War Production Board, expected to be delivered during the third quarter of 1944. They are to be included in Equipment Trust, Series "JJ".

In addition the Company has on order four more 5400-horsepower Diesel-electric road freight locomotives, delivery of which is expected late in 1944, and 20 Diesel-electric switching locomotives. Of the latter, delivery of 5 is expected during the second quarter of 1944.

The Year's Financial Results

Due principally to (a) higher basic wages, (b) increases in the price of coal, and (c) the extraordinary increase in Railway Tax Accruals, net railway operating income showed a decrease from the high figure of $46,265,818 reported for the year 1942, the Company in 1943 being able to bring down out of its $245,532,051 of gross revenue only $35,744,757, or 14.56% into net railway operating income. Thus, increased expenses and taxes in 1943 consumed more than all of the increase of $40,926,470 in gross revenue.

Net Income

After adding to the net railway operating income mentioned, the sum of $2,843,218 of non-operating income, and deducting fixed charges of $14,720,360 and miscellaneous items of $339,026, there was earned (after charges and taxes) for the year 1943 a Net Income of $23,528,589, a decrease of $9,860,279 from the Net Income reported for the year 1942.

Fixed charges were covered 2.60 times, and after deducting dividends on the Preferred Stock, the balance of earnings was equivalent to $15.81 per share of Common Stock.

The Use of the Company's Financial Resources in 1943

After paying operating expenses and currently due taxes, fixed charges and dividends payable in 1943, the Company, keeping in mind the caution signals mentioned in last year's Report, from its remaining monies:

(1) Continued its policy as to taxes of being ready to "pay-as-you-go", and, to this end, added $37,000,000 to its quick assets reserved against accrued Federal tax liabilities, its total reserves for this purpose aggregating on December 31, 1943, $64,000,000, as against an estimated 1943 Federal tax liability of approximately $58,500,000;

(2) Appropriated, for capital expenditures for additions and betterments to road and equipment, the sum of $10,294,215 of treasury cash, as compared with expenditures of $10,184,715 for such purpose in the year 1942;

(3) Expended, in increasing its immediately necessary inventory of material and supplies, as compared with the previous year, approximately $2,378,500 more than in 1942;

(4) Appropriated approximately $11,500,000 of treasury cash in its program of reducing fixed charges by retiring or acquiring bonds which it was liable to service, as hereinafter set forth, and paid $4,302,000 principal amount of equipment trust obligations maturing during the year; and

(5) Declared, out of the net earnings for the fiscal year ended December 31, 1943, dividends as shown below.

The free cash balance (after eliminating, from cash shown in the balance sheet, items already outstanding and released for current payment) as of December 31, 1943, amounted to $19,014,430, but out of this cash there remained unpaid as of that date, not including the Federal Income Taxes mentioned above, retroactive wage payments estimated at approximately $5,000,000, and that portion of the dividends, mentioned below, payable in 1944.

Dividends

Dividends aggregating 5% on the Preferred Stock were declared out of 1943 earnings, being four dividends of $1.25 per share each, paid and payable, respectively, on December 15, 1943, and March 15, June 15 and September 15, 1944, these four dividends together requiring an aggregate payment from the treasury of $3,000,000.

A dividend of $2 per share, amounting to $2,596,400, on the Common Stock of the Company, was declared, payable April 1, 1944, out of the balance of 1943 earnings.

The total 1943 declarations of $5,596,400 in dividends on the Preferred and Common Stocks may be interestingly contrasted with the wartime taxes of $70,437,236 for the year.

The Reduction of Debt and of Fixed Charges

The Company, though hampered through the year by demands for increased wages, continued, though to a lessened extent, to reduce debt and the burden of fixed charges. During 1943 an aggregate principal amount of the bonds of the Company and its affiliated corporations, amounting to approximately $6,706,400, was acquired or retired, and during January and February, 1944, an additional principal amount of $556,600.

In addition, a refunding of $20,000,000 principal amount of The Atlanta and Charlotte Air Line Railway Company's First Mortgage Bonds, which the Company was obligated to service, as lessee, theretofore outstanding at an average interest rate of 4.8625% per annum, was effected on November 29, 1943.

In place thereof there was issued and sold to the public $15,000,000 principal amount of The Air Line Company's new 20-year First Mortgage 3¾% Bonds, due November 1, 1963, on an effective interest cost basis of 3.82%. The balance of the money necessary to retire the old Bonds, $5,000,000 (plus discount on the sale of the new issue) was provided by Southern Railway Company, and, in consideration of the $5,000,000 advance, it accepted an equivalent principal amount of new Second Mortgage 20-year 3¾% Bonds of The Atlanta and Charlotte Air Line Railway Company, which are held, unpledged, as treasury assets.

Through this operation there was effected a reduction of $5,000,000 in The Air Line Company's first mortgage indebtedness outstanding in the hands of the public, with an estimated net annual average reduction in

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Southern's effective fixed charges of $460,500, as compared with the charges on The Air Line Company's old bonds, after giving effect to the sinking fund operation on the new First Mortgage Bonds.

A recapitulation of the Company's program of reduction of debt and of fixed charges, beginning in 1934, is as follows:

R. F. C. Debt retired to December 31, 1938	$2,297,672
R. F. C. Debt retired in 1939	2,065,628
R. F. C. Debt retired in 1940	12,041,700
R. F. C. Debt retired in 1941	15,000,000
Total R. F. C. Debt, paid in full	$31,405,000
Bonds Retired or Acquired, including $5,000,000 of The A&CAL Second Mortgage 3¾s, from January 1, 1940, to February 29, 1944	33,059,700
Total "debt reduction" program to February 29, 1944	$64,464,700

Giving effect, on an annual basis, to the reductions in funded debt and to the acquisitions and refunding mentioned, the Company's net fixed charges are currently, as of March 1, 1944, on a basis of approximately $13,500,000 a year. This is a reduction of over a million dollars from the annual figure of $14,548,395 mentioned in the Company's annual report for 1942, and is a reduction of nearly 25% from the amount of fixed charges payable on the same basis for the year 1930.

As of December 31, 1943, the Company's table of funded debt shows another substantial net reduction, as compared with the previous year, as follows:

Funded Debt

	Dec. 31, 1943	Dec. 31, 1942
Funded Debt	$215,446,000	$223,475,000
Leasehold Estates	52,929,600*	52,932,600
Equipment Trust and Miscellaneous Equipment Obligations	35,688,834	35,974,307
	$304,064,434	$312,381,907

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*Includes $5,000,000 principal amount of The Atlanta and Charlotte Air Line Railway Company's Second Mortgage Bonds, dated November 1, 1943, now held in Southern Railway Company's treasury, the interest receivable on which completely offsets the interest payable by the Company with reference thereto.

There are no maturities, other than equipment trust installments, which the Company is obligated to meet in 1944, and no direct maturity of the Company's own Bonds until 1951.

Increased Wages

The demands for increased wages mentioned in last year's Report, which had been pending since September 25, 1942, and January 25, 1943, respectively, not all having been settled, and a strike having been threatened, the United States, on December 27, 1943, through the War Department, took possession and control of the railroads, such War Department Operation of Railroads continuing until midnight, January 18, 1944, a settlement of the wage controversies having then been approved by public authorities.

The increased wages payable under the settlement, retroactive in the case of the non-operating employees to February 1, 1943, and in the case of the operating employees to April 1, 1943, are estimated to cost the Company $10,348,000 per annum, based on current employment.

Rates and Fares

The Interstate Commerce Commission, on April 12, 1943, authorized the suspension, effective May 15, 1943, until January 1, 1944, of the freight rate increases authorized in March 1942, and still later, on November 8, 1943, issued an order continuing the suspension of such freight rate increases until July 1, 1944.

Industrial Conditions

While there was a decline in the number of new military installations constructed in 1943 in the South, mobilization of industry for war reached a new peak.

In nearly every field of industrial activity, and particularly in the iron and steel industry in the Birmingham and Gadsden districts in Alabama, and the aluminum industry in north Alabama, in Tennessee and in North Carolina, new all-time high records were established. All efforts were bent in but one direction—production for war.

The Cotton Growing States, with 75.7% of the total cotton spinning machinery in place at the end of 1943, worked 82.7% of the total spindle hours, and consumed 9,307,799 bales of cotton, or 86.5% of the total consumption of cotton in the United States. During the year, Southern's handling of cotton was 1,603,452 tons, or approximately 6,400,000 bales—being 69% of the total consumption by mills in the Cotton Growing States. By operating many of the mills on a three-shift daily operation, rather than by new capital construction, the cotton textile industry has met the demand and should therefore have no problem of excess plant capacity after the war.

The rayon industry made another record with an increase of 5.5% over last year's production.

During 1943 five new coal mining developments were started in the territory, one of these in particular being a most substantial tonnage producer, involving between 40 and 50 thousand acres of land estimated to contain approximately 150 million tons of coal.

In order to help to provide crude oil for the war effort, prospectors have been drilling extensively for oil during the year in several of the Southern States, with some measure of success in Mississippi, Georgia and Florida.

Under the impact of the war, agriculture in the South has changed considerably, notably toward greater production of food and feed crops, and of live stock. Substantial progress has been made toward soil conservation, in connection with which the Company handled during 1943 some 650,000 tons of agricultural limestone.

During the year 77 new industries were established and additions made to 33 existing plants at points served by the Company.

Public Relations

The public relations program inaugurated in September, 1942, was continued and expanded during the year, as a sound investment for the future, and as a recognition of the responsibility of Management to keep the stockholders, the employees, and the public generally, informed as to the Company's business, service, finances and other important matters. This is being done through the medium of advertising in newspapers and magazines, in announcements to the press, in the dissemination of information in various forms, as well as in the Annual Report itself.

Conclusion

As stated in the Foreword, the railroad industry must bear in mind that much of its increased revenues will fall off after the war ends, while its unit costs of operation will probably not decline so rapidly.

In view of these tendencies a conservative financial policy must be continued.

It is equally important that Government also should give these matters proper recognition when dealing with the vital function of transportation, to assure for the future a sound, efficient and progressive railroad industry.

Southern Railway Company, in serving the South, has the advantage of a growing and promising territory, and its stockholders may view the future confident in the Company's position among the great railroad systems of the Country.

Respectively submitted by order of the Board,
ERNEST E. NORRIS,
President.

SOUTHERN RAILWAY COMPANY
Financial Results for the Year

	In 1943	In 1942
The Company received from freight, passenger and miscellaneous operations a total revenue of	$245,532,051	$204,605,581
The cost of maintaining the property and of operating the railroad was	136,604,153	113,746,737
Leaving a balance from railroad operations of	$108,927,898	$90,858,844
Federal, state and local taxes required	70,437,236	41,488,395
Leaving a balance of	$38,490,662	$49,370,449
The Company paid to other companies for hire of equipment and use of joint facilities in excess of the amount received by it from those sources	2,745,905	3,104,631
Leaving an income from railway operations of	$35,744,757	$46,265,818
Other income derived from investments in stocks and bonds and miscellaneous items was	2,843,218	3,180,404
Making a total income of	$38,587,975	$49,446,222
Interest on funded debt and equipment trust obligations, rents paid for leased railroads and miscellaneous deductions totaled	15,059,386	16,057,354
Resulting in a net income of	$23,528,589	$33,388,868

SOUTHERN RAILWAY COMPANY
Financial Position at the End of the Year

	On December 31, 1943	On December 31, 1942	Increase or *Decrease*
The Company had investments, in land, railroad tracks, terminal facilities, shops, locomotives, freight and passenger cars and other fixed property of	$556,053,290	$551,677,435	$4,375,855
In addition the Company had investments in stocks, bonds and notes of affiliated companies and other investments carried at	59,015,868	53,336,639	5,679,229
Total investments	$615,069,158	$605,014,074	$10,055,084
The Company had cash and special deposits amounting to	$31,424,886	$28,836,791	$2,588,095
And temporary investments, pending payment of taxes, in U. S. Government Notes	64,000,000	27,054,338	36,945,662
Other railroad companies and others owed the Company	22,788,235	16,087,992	6,700,243
The Company had on hand fuel, rails, ties, bridge material and other supplies necessary for keeping road and equipment in good order	11,867,711	9,489,184	2,378,527
Deferred assets and unadjusted debits, including items owed to but not yet available to the Company	14,733,040	7,519,100	7,213,940
The Assets of the Company totaled	$759,883,030	$694,001,479	$65,881,551
The Company owed for materials, supplies, wages and balances to other railroad companies, and interest, dividends and rents accrued but not yet due	$29,713,823	$21,271,839	$8,441,984
Taxes accrued but not due	70,692,484	36,147,877	34,544,607
Operating reserves	2,090,296	1,594,422	495,874
Reserve for depreciation of road and equipment and amortization of defense projects	57,530,285	49,014,129	8,516,156
Deferred liabilities, including items due to others, but not yet adjusted	15,652,776	12,356,651	3,296,125
The total of these liabilities, credits and reserves was	$175,679,664	$120,384,918	$55,294,746
After deducting these items from the total assets there remained for the capitalization of the Company, net assets of	$584,203,366	$573,616,561	$10,586,805
The capitalization of the Company consisted of the following:			
Funded Debt, including bonds, equipment trust obligations, etc.	$251,134,834	$259,449,307	*$8,314,473*
Preferred Stock	60,000,000	60,000,000	------
Common Stock	129,820,000	129,820,000	------
Making a total capitalization of	$440,954,834	$449,269,307	*$8,314,473*
After deducting this capitalization from net assets there remained a surplus, largely invested in the property, of	$143,248,532	$124,347,254	$18,901,278

OUR REPORTER'S REPORT

Events of the current week have served to prove once more how quickly a given set of conditions can change in the investment and financial markets.

A week ago the underwriting fraternity, and their dealer affiliates, were pointing with considerable satisfaction to the exceptionally strong position of the industry from the standpoint of inventory position, and demand was brisk.

Dealers, as a matter of fact, were finding difficulty in securing material needed to supply the wants of their customers from day to day. So far as recent new issues were concerned these had moved out in a manner which left shelves bare of anything in the way of reserves.

Well, the picture today is a bit different, judging from comments around the Street. This need not suggest that either underwriters, or dealers, are unduly burdened with unsold securities.

Far from it. But the fact remains that investors and speculators alike have developed what the trade refers to as a bad case of "invasion jitters" and things have tended to "back up" a little.

Some of the more recent new offerings have proven a trifle "sticky" temporarily at least with the result that some are reported still available to buyers in fair quantities.

Buyers Are Around

These are the days when the portfolio buyer, who has been inclined to shy away from the market a bit and await opportunities, comes into his own.

This holds true especially in the case of institutional buyers who set up their programs pretty much on a long-term basis. Insurance company portfolio men, for example, are constantly combing the list for material that fits in with their views of prices and yields.

Well, of late theirs has been a rather hard lot. But the last few days have tended to ease the strain in that direction. Their practice is to shape their orders and wait for the market to come around. And this is another of those times when it has paid them to wait.

Louisiana Power & Light

Whatever the effect of the so-called "invasion jitters" on the seasoned market, it did not deter banking groups which bid for the $17,000,000 of first mortgage bonds of the Louisiana Power & Light Co.

Opening of tenders on Tuesday disclosed a total of five separate syndicates in competition for the loan which is due to mature in 1974.

The winning group obtained the issue fixing a 3% coupon and a price of 101.9099. This group prepared to market the issue, subject to SEC approval of price and spread, at a price of 103 to yield approximately 2.85%.

Cudahy Packing 3s

Indications at the moment are that bankers handling the $14,000,000 first mortgage sinking fund bonds Series B 3%, of Cudahy Packing Co., will bring that issue to market next Wednesday.

The indenture covering the issue would limit the principal amount of bonds outstanding at any one time to $30,000,000, of which $14,000,000 would be represented by the current issue.

Proceeds of this issue, together with the general funds of the company will be used to finance redemption of $17,182,500 principal amount of first mortgage series A 3¾s, due Sept. 1, 1935, calling for an outlay of $17,526,150, exclusive of interest.

Situations Interesting In Conn. Companies

Chas. W. Scranton & Co., 209 Church Street, New Haven, Conn., members of the New York Stock Exchange, have prepared memoranda on Acme Wire Co.; Veeder-Root, Inc.; Scovill Mfg. Co.; Arrow-Hart & Hegeman Electric Co.; Landers, Frary & Clark, and United Illuminating Co., Connecticut situations which appear attractive at current levels. Copies of these memoranda may be had from Chas. W. Scranton & Co. upon request.

To Be Davies & Mejia

SAN FRANCISCO, CALIF. — Effective May 1st, the firm name of Davies & Co. will be changed to Davies & Mejia. The firm, which holds memberships in the New York and San Francisco Stock Exchanges, has offices at the Russ Building.

Forms J. D. Goodman Co.

PHILADELPHIA, PA.—Joseph D. Goodman, member of the New York Stock Exchange, as of May 1st will form Joseph D. Goodman & Co. with offices at 1500 Walnut Street, in partnership with Minerva R. Goodman. Mr. Goodman has been active as an individual Exchange member in Philadelphia for some time.

S. C. Bond Quotations

E. H. Pringle & Co., 18 Broad Street, Charleston, S. C. have prepared an interesting table of quotations of representative South Carolina state, county, city and town bonds, including a few of the larger school districts. Copies of this table may be had upon request. from E. H. Pringle & Co.

Canadian Securities
Government Provincial
Municipal Public Utility
Direct Private Wires to Toronto & Montreal
Wood, Gundy & Co.
Incorporated
14 Wall Street, New York 5
Toronto Montreal Winnipeg Vancouver London, England

Canadian Securities

By BRUCE WILLIAMS

The strong demand in the past few weeks for Canadian dollars in the "free" exchange market has reopened the old controversy with regard to the possibility of the Canadian currency returning to parity with the U. S. dollar. The idea continues to meet cold reception in official circles in Ottawa, but this is understandable.

Less comprehensible, however, is the view which has been widely publicized in Canadian circles in this country in the past few days, to the effect that economic conditions justify the retention of the 10% discount level.

It is opportune, therefore, to review as follows the case in favor of the restoration of the Canadian dollar to its old parity:

(a) The 10% discount was officially established, together with exchange restrictions as a wartime defensive measure to conserve the supply of U. S. dollars. That this is no longer necessary is proved by the fact that the main problem now of the Foreign Exchange Control Board is the disposal of an abundant surplus of the hitherto vitally necessary U. S. currency.

(b) Since the war there has been a revolutionary change in the Canadian economy. Huge industrial exports have been added to the previous almost solely agricultural surpluses available for shipment abroad. As a result, whenever any measure of freedom is restored to world foreign exchange markets, the Dominion's tremendous favorable balance of trade must ultimately be translated into a demand for Canadian dollars.

(c) Canada has led the world in the fight against inflation. More than 50% of the Dominion's total expenditures are covered by taxation. Price ceilings and wages have nowhere else been so successfully controlled. In a world where depreciation of currencies has proceeded from within, the Canadian dollar, on the contrary, has been basically strengthened.

(d) Canada's new status as a leading creditor nation renders it unnecessary to maintain an artificially depreciated exchange. To conform to sound economic principles, the Dominion will henceforth have to increase her imports in order to maintain the increased volume of exports.

(e) As any practical foreign exchange expert is aware, exchange controls and artificial restrictions must ultimately yield to pressure based on a genuine economic shift in basic conditions.

Turning to current developments, the question of the Alberta debt reorganization is arousing increasing attention. There is the precedent of the comparable Montreal situation which affords a working example, and the strong desire of the now dominant figure in the Social Credit Party, Mr. Solon E. Low, to settle the matter expeditiously. **It will not be surprising, therefore, if a definite debt reorganization plan is announced in the course of the next few months.**

With regard to the market during the past week, there was little activity and few price movements of any note. There was still a quiet demand for the shorter-term issues, but the supply problem is still acute. The New Brunswick four-year issue just announced is assured of a successful reception and should do much to stimulate not only this section, but also the publicity in connection with this new public issue will attract investment interest in the Canadian market as a whole.

In looking forward to future developments, although investors generally are at the moment leaning on the side of caution in view of impending world events, nevertheless there are several technical factors that can favorably affect the Canadian market in the near future. Foremost among them is the almost certain call on or before May 1 for payment of $57 millions Canadian National Railway 5s of July 1, 1969. Also judging from the comparatively small volume of securities offered in connection with the Sixth Victory Loan, it appears that the Canadian source of supply is virtually exhausted. On the other hand, there are constant indications that interest in Canadian securities in this country is steadily widening.

CANADIAN BONDS
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CANADIAN STOCKS
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Canadian Mfg. Output Up During Past Month

According to S. M. Wedd, General Manager of the Canadian Bank of Commerce, "total Canadian manufacturing output increased during the past month according to our index of industrial activity, which rose from 215 at mid-February to 217 at mid-March, while the percentage of factory capacity utilized fell from 125 to 124. Speeding up of the heavy section of the iron and steel group was mainly responsible for the rise," says Mr. Wedd, who added:

"The automotive group once more registered a decline, while considerably lower activity in saw-milling and wood-working plants caused a drop in the wood products group. The food and clothing groups declined slightly. Shortage of labor and some textile materials still persists. Our wage payroll index for February was 210 (1937=100) compared with 205 in January. Apart from construction, which continued to decline, there was a general rise in the payrolls of each main industry. Manufacturing wages were higher than a year ago, but the composite index was lower." As to agricultural conditions he said:

"An analysis of factors affecting the ensuing agricultural season, the most critical of this war period, reveals more favorable conditions in some respects than a year ago, and less favorable in others. The efficiency of agriculture has generally improved so as to overcome many of its pre-war and early war handicaps. It has become a more profitable industry, at least for farmers who have not been severely affected by short crops last year, as were many in Western Ontario. The farm labor shortage will be eased this year if official arrangements to provide more than twice as much new mechanical equipment as the subnormal supply available last year are successfully consummated."

Do Bank Stocks Move Uniformly?

M. A. Schapiro & Co., Inc., 1 Wall St., New York City, have prepared an interesting bulletin reviewing price trends for 12 leading New York City bank stocks over an 11-year period. This study indicates the need for discrimination and the presence of opportunity in this field since few people realize the extent of the divergence in market performance among New York City bank stocks.

Copies of the bulletin may be had upon request from M. A. Schapiro & Co., Inc.

We Are Pleased to Announce
MR. J. HERBERT EVANS
Formerly With
ED C. WRIGHT & CO.
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Municipal News & Notes

Among the several factors responsible for the strength that has characterized the municipal bond market in general during the past several years is the impressive record of debt reduction accomplished by the States and their local subdivisions. While this trend has been greatly accelerated during the war period, because of restraints on new borrowings imposed by materials and manpower shortages, it is nonetheless true, although not always considered, that the tendency toward local debt reduction was strongly in evidence for quite sometime before the war.

This point is illustrated in an analysis prepared by Merrill Lynch, Pierce, Fenner and Beane, the results of which were published in the firm's municipal letter of March 31. According to the findings contained in the report, one-third of the cities of more than 50,000 population reduced their net overall debt by 25% or more since 1935. The figures cited for the various communities listed in the report are additionally significant in that they reflect to which each of the cities has pared its *total* debt load during that period, as the percentage of decline was computed on the basis of the overall reduction made in both the direct and overlapping indebtedness of the respective units.

As stated by the firm, the indirect debt of the municipality "is sometimes greater than its direct debt and regardless of how small the latter may be, the ability to support it is contingent in large degree on the burden of the other (overlapping) tax-supported debt that weighs upon the property within the city." Additionally, "property taxes imposed by the overlapping units for servicing their debt in effect constitute a lien on property on a par with or ahead of the taxes levied by the city." In connection with the analysis, Merrill Lynch, Pierce, Fenner and Beane state in part as follows:

"One-third of all of the cities with more than 50,000 population have reduced their net overall debt by 25% or more since 1935. These municipalities are listed . . . in order of degree of debt reduction. In each case the reduction covers an eight-year period ending in 1943. The cities are rather evenly distributed through the various population groups. Of the 72 cities listed, 18 have cut their overall debt at least one-half, while four have slashed it 80% or more. This indicates extraordinary retrenchment in borrowing for certain municipalities, and even for cities generally the showing is not unimpressive. On the other hand, the fact remains that approximately two-thirds of the cities of more than 50,000 population have shown a reduction in their debt load of less than 25%. Debt reduction has been satisfactory for some of these cities, but a considerable number have made disappointing progress along this line."

Detroit's Industrial and Financial Prominence Emphasized

The Detroit industrial area leads the nation in war contracts, its holdings as of Feb. 1, 1944, having amounted to $12,745,525,000, according to an announcement by the Detroit regional office of the War Production Board. The Newark-Jersey City area was second with a total of $9,008,055,000; Los Angeles third with $8,913,012,000 and Chicago was in fourth place with $8,618,446,000.

Coincident with the above disclosure, was an announcement that Detroit had been accorded equal status with New York City and Chicago in the matter of issuing weekly condition statement for reserve system member banks in the city. Previously, such a report has been published covering the latter two cities and for 101 leading cities combined.

The decision to publish an individual statement for the Detroit banks further emphasized the importance of the city as a financial center, it was stated by C. S. Young, President of the Federal Reserve Bank of Chicago. "The Federal Reserve Bank in Detroit," he added, "is assuming a position of leadership in its territory and the publication of separate bank figures for that city adds to the importance of the branch as a source of vital information."

City of Detroit bonds, it might be added, have been accorded increased investor interest in recent weeks, partly as a result of the relatively higher yields at which the obligations are available.

Lehman Bros. Offers Bond Stores Pref. Stock

An underwriting group headed by Lehman Brothers and Wertheim & Co. on April 14 offered 60,000 shares of 4½% convertible preferred stock (par $100) at $105.50 a share and accrued dividends from April 1.

Of the net proceeds from the sale of the stock, the corporation will use $2,107,875 to retire serial notes payable to the Equitable Life Assurance Society of the United States, and it is planned to utilize the remainder for a general expansion program, including the enlarging of existing stores and factory capacity and the carrying of larger inventories.

Speculative Possibilities

The Hobbs' Bill opens interesting speculative possibilities for reorganization railroad equities according to a memorandum on the situation issued by G. A. Saxton & Co., Inc., 70 Pine Street, New York City. Copies of this memorandum and an interesting comparative tabulation of eight selected reorganization rails may be had from G. A. Saxton & Co. upon request.

Pension Trust Plan

Massachusetts Mutual Life Insurance Co., Springfield, Mass., have prepared an attractive, easy-to-read booklet entitled "The Pension Trust Plan," answering questions on the pension trust. Copies of this booklet may be had upon request from Massachusetts Mutual Life Insurance Co.

Future of Air Transport

(Continued from page 1621)

tunately cannot get from the Administration any information as to even a plan for returning the airplanes seized on Presidential order. This is hard to understand since the production of this type of transport airplane is high and the diversion of factory deliveries of this type of plane for only one day would do much to help speed the war work of the domestic airlines in the large priority loads they carry. The list of prospective air freight items could include almost anything which could be shipped in less-than-carload lots and which required fast delivery. Several of the smaller airlines operating in South and Central America have proven that air freight under certain conditions can be extremely profitable. It is granted that cargo rates are at this time high and before we can hope to engage in any large scale operations these costs must be reduced. In July, 1943, the rates were reduced but even still the air express rate averages 70 cents a ton mile as against 4 cents for less-than-carload freight.

As in cargo rates there has been a continual reduction in passenger fares. In 1930 the average passenger fare was 12 cents per mile. Today that average is less than half of that, being 5 cents per mile. What further reduction of rates can be made with operating figures remaining in the black are contingent upon many factors which we cannot tell today. For example, we would like to know at what point the dollar is to be stabilized in respect to living costs; how rigorous will be the taxes we suffer; the percentage of the current load factor we can hope for in the peace; and the cost of new equipment. Most of the planes the airlines are now using were constructed and sold on prices based upon pre-war labor costs. Today that cost is appreciably higher. Unquestionably there will be some reduction in such costs but how drastic they will be remains a guess. Living costs, taxes, and the ultimate costs of new equipment in the future are definite problems for the airlines. I do not share the same optimism of many of the enthusiasts who are talking of bus or rail coach fare prices for passenger air travel.

The air transportation industry can contribute to the stabilization of the employment problem which is bound to exist after the war. It is natural that in the orderly expansion the existing airlines anticipate a heavy increase of personnel will be needed. This offers the hope of a job for the returning veteran. Our military force has more than 2,000,000 men in the air services and there are many of those who upon returning to civilian life will desire to remain in aviation and will seek jobs with an airline. Likewise the acquisition of new equipment needed in the expansion will do a great deal to provide employment in the aircraft manufacturing industry. Orders for new equipment will help prevent a stagnation of the aircraft manufacturing industry such as it suffered at the conclusion of World War I.

The Civil Aeronautics Board is to be commended for its sound appreciation of the economics facing the air transportation industry and for the realistic approach to the problem of preventing in 1949 the spectacle of the carcasses of defunct airline companies strewn across the country resulting from unsound promotion now. We saw this in 1929 among the private plane manufacturers. From the quantity and quality of applications for airline routes being filed by taxicab companies and others equally unrelated to the air transportation industry that spectacle could easily take place except for the wise course set by the Civil Aeronautics Board.

In the matter of air express I fear that there is little on the horizon at this time to indicate that domestic air transportation will carry more than the perishables, the specialties, the samples, and the emergency items where time saved can be properly evaluated against an increase in the transportation cost. I do feel that all long haul first-class mail will soon be carried by air as it has always been the policy of our Post Office Department and the Congress to expedite the passage of mail. And probably this will be done without charging any extra premium for air mail as is done today.

I learned with interest only a few days ago that the railroads, who today rely mostly for their revenues upon freight, started out in their early years (as do the airlines today) by obtaining their largest revenues through passengers and that it was not until after the railroads had been in operation approximately two decades that the income from commodities exceeded that of passenger revenues. Therefore, while I do not share the enthusiasm of many that airline revenues from commodities will out-distance passenger revenues in the near future, I think we must remember that at the comparable stage in railroad development in which the airlines stand today the railroads in their turn were receiving more revenue from passengers than from freight.

Of course, the airlines will never carry the bulk commodities which are the backbone of our surface transportation such as coal, ore, steel, lumber, grain, cement and the like where proper surface transportation exists. The airlines may carry them to the remote corners of the earth under special circumstances where no surface transportation is available.

I have challenged a number of railroad executives recently to prove the statements that they are losing traffic to the airlines which they do not regain fully in other ways as a result of the quickening of all industry due to the airlines. While, of course, the proof would be hard to obtain, it is my firm belief that if air transportation continues to expand and to take from existing surface carriers certain types of travel it will by and large return to such surface carriers an equal or greater dollar value of other traffic due to the broadening of markets and greater interchange of commodities achieved by the quickening of our entire economic picture.

In the expansion of air transportation which will come in the few years after the war many problems present themselves. We have no exact agreement within the industry regarding the probable amount of growth. It seems likely that the 44,000 route-miles of airways in 1941 will be expanded within the next few years to something on the order of 100,000 route-miles. The number of flights per day over each mile of route will probably be increased two or three-fold and, therefore, we may look for a five-times expansion in service within the first five years after the peace.

In 1941 the airlines regularly served 270 cities. With the addition of new cities on the already existing routes and with the addition of even more cities on the routes to be established we expect to be serving a total of 1,000 communities within the United States during the same five-year period of time. For equipment we shall have not only the present standard Douglas DC-3 21-passenger plane types, but immediately after the war we will have the Douglas DC-4 seating between 40 and 50 passengers and shortly thereafter other models, the largest of which will probably seat approximately 100 passengers. Our present flying speeds of three miles a minute will be steadily increased as the result of technical advantages achieved during the war to four miles a minute and probably within the five-year period to between five and six miles a minute. Of course, these higher speeds will be practical on only the longer hauls. The six mile a minute flying speed will permit us to operate non-stop schedules to Chicago in only a little over two hours, thereby providing a very practical service whereby a man in New York may sleep at home, spend a day in Chicago, and sleep at home the next night in New York just as he now does when going to Philadelphia or New Haven.

What the airlines financial picture will be following the war is one of conjecture. Most of the domestic airlines already have or are formulating plans of expansion. In each instance additional expenses are being incurred and what methods of financing will be used are in various stages to be worked out. Some will undoubtedly provide for the issuance of new stocks while others may rely upon equipment trusts and some may be able to take the expansion off the books. To what extent the airlines will suffer from taxes will have some bearing upon the future financial arrangements. The whole policy of earnings allowed upon invested and created capital will be a factor.

Aviation has rightly been called the conclusive weapon in this war. Lack of it in the early days caused our Allies practically all their defeats. Possession of it today has given to the United Nations practically all their victories and with the weakening of the Luftwaffe we can count on closing in for the kill in Europe.

Today there are two American flag airlines with certificates for commercial operation to Europe. Both of them have done a fine job. I hope that Captain Rickenbacker's recent suggestion that the American military commands will not release their flying routes to many parts of the world until such routes can be established for American companies on a commercial basis will be seriously studied by our Government so that we shall not lose landing rights at the many bases we have established and which are now operating. If this can be done and we can establish American competitive principles in international air transportation we shall have done much to secure the future peace of the world through rapid transportation and the closer contacts which it establishes so that the peoples of the world can have a sympathy and human understanding of each other's points of view.

Interesting Situation

Steady and substantial growth in earnings of the "Utility Group" have increased the speculative attraction of both the Prior Lien and Plain Preferred stocks of New England Public Service Company according to a detailed circular on the situation prepared by Ira Haupt & Co., 111 Broadway, New York City, members of the New York Stock Exchange and other leading national exchanges. Copies of this interesting circular may be had from Ira Haupt & Co. upon request.

Public National Attractive

Stock of the Public National Bank and Trust Company of New York offers interesting possibilities for investment, according to a memorandum issued by C. E. Unterberg & Company, 61 Broadway, New York City. Copies of this memorandum outlining the situation may be had upon request from C. E. Unterberg & Co.

This advertisement is not, and is under no circumstances to be construed as, an offering of these Securities for sale or as a solicitation of an offer to buy any of such Securities.

The offering is made only by the Prospectus.

Moore-McCormack Lines, Inc.

60,000 Shares
$2.50 Cumulative Preferred Stock
(Convertible until December 31, 1950)

PRICE $48.50 PER SHARE
(plus accrued dividends from April 1, 1944 to date of delivery)

60,000 Shares
Common Stock

PRICE $15.50 PER SHARE

Copies of the Prospectus may be obtained in any State from only such dealers participating in this issue as may legally offer these Securities under the securities laws of such State.

Kuhn, Loeb & Co.

Ladenburg Thalmann Corporation **E. H. Rollins & Sons** Incorporated **Schroder Rockefeller & Co.** Incorporated

A. C. Allyn and Company Incorporated **Central Republic Company**

Maynard H. Murch & Co. **Grubbs, Scott & Company** **Johnston, Lemon & Co.**

New York, April 18, 1944.

The Outlook For Rails Now And In The Post-War Period

(Continued from first page)

Iron Range of Minnesota; after the ore has been dumped in freight cars and carried to the head of the Great Lakes, it is then transferred to Lake cargo freighters and sailed down to Cleveland—among other ports—where it is smelted and then becomes pig-iron billets; then poured into auto frames, cylinder blocks and cylinder heads and pressed into sheets for bodies.

While being shipped in such form to Detroit, St. Louis and Pittsburgh for other refinements, or assembly into an automobile body, the trend of expanding allied industry and employment grows apace, for in the interim workers are being hired for work in the related plate glass, electrical equipment, rubber and kindred industries.

Each of these workers consumes the usual run of household and personal living needs, besides food, etc., so the ever-widening spiral of demand spreads to the run of Sears-Roebuck, Montgomery Ward, J. C. Penney and the A. & P. (just to mention a FEW of the retail outlets, so as to better illustrate this point); each of these organizations needs to replenish its shelves, so their orders and re-orders spread on and on the layer of expanding business and employment.

Thus, in very homely fashion, the ever-spreading effects of the manufacturing activities of the automobile industry.

With this premise, note the near-consistency of freight revenues IN TERMS of passenger cars produced in recent years:

Year—	U. S. Passenger Car Production	U. S. Freight Revenues (Class I Roads)	Freight Revenues IN TERMS of Passenger Cars Produced
1942	------	$5,944,742,000	---
1941	3,754,800	4,447,568,000	$1,184
1940	3,693,600	3,537,149,000	957
1939	2,866,800	3,251,096,000	1,134
1938	2,001,600	2,858,077,000	*1,428
1937	3,915,600	3,377,908,000	862
1936	3,664,800	3,308,540,000	903
1935	3,250,200	2,790,551,000	858
(Intervening years omitted due to depression years' effects)			
1929	4,587,600	4,825,622,000	1,052

*Influenced, unnaturally, by the impacts of the 1938 year's depression.

In other words, the sum of ALL forms of business flowing because of, or in conjunction with, the rate of automobile production (as totalled in Class 1 freight revenues), divided by annual production of passenger cars, results in a CONSTANT of roughly $1,000 of freight revenues for each passenger car produced.

* * *

Reference to press releases of recent months will find authority for the belief that the present backlog of automobile production—before it "catches up" with current demand—is in the neighborhood of 26,000,000 units.

If this backlog were manufactured at the 1929 peak production rate of 4,500,000 units, such backlog would require roughly six years of 1929 production rate.

However, the industry currently is engaged wholly in war production effort, as a consquence of which eventual conversion to peacetime production schedules should leave a large excess of plant facilities.

The auto manufacturers—keenly alive to the known backlog, plus the realization that the "wherewithal" (in the form of bank deposits, war bonds and/or finance company facilities) exists—will in the post-war period likely convert a large portion of "excess" plant into additional auto output, thereby providing the basis for possible annual production schedules of in the neighborhood of 6,500,000 units, or a prospect of four years of production at this rate.

Thereby is provided MINIMUM and MAXIMUM possible annual output schedules of 4,500,000 units and 6,500,000 units, respectively.

Application of a "MEAN" of $1,000 in freight revenues per passenger car produced results in possible post-war levels of freight revenues of between the lower and upper limits of $4.5 and $6.5 billions, respectively.

Giving full credence to the wildest claims of the post-war aviation enthusiast, by ceding ALL mail and express revenues to that future branch of the transportation industry (eliminating at the same time dining car and incidentals—all adding up to in the neighborhood of a half billion of revenues discarded for the sake of this projection), and reducing passenger revenues from the 1943 level of around $1.7 billions to the 1938-depression year level of $500 millions (thereby diverting nearly $1.2 billions of passenger traffic to the post-war aviation, bus and passenger competitive lines of transportation)—there can be added only $500 millions of passenger revenues to the previously-noted $4.5-$6.5 billions of potential post-war freight revenues level.

Thus is provided a "knocked-down," conservatively appraised post-war gross revenues level of somewheres between $5.0-$7.0 billions—the average being $6.0 billions!

In connection with this "back-door" method of appraising the potentiality for railroad gross revenues in the post-war period, contrast the level arrived at by Colonel Ayres (of the Cleveland Trust Co.) at the Missouri Pacific ICC hearings in Brooklyn late last year—of $6.0-$7.2 billions!

Such possible $6.0 billion average annual post-war level of gross revenues, when compared with the "highs" for recent years, shows the fallacy of any doubt about the volume of business for the railroad industry in the immediate years ahead:

"Highs" for Class I Annual Gross Revenues to date since 1926

1942	$7,466,000,000
1941	5,346,000,000
1940	4,296,000,000
1931	4,188,000,000
1930	5,281,000,000
1929	6,279,000,000
1928	6,111,000,000
1927	6,136,000,000
1926	6,382,000,000

* * *

There will be those who somewhat cynically will observe: "Granted a $6.0 billion annual gross revenues base for the post-war period, but how about the higher wage and increased tax effects upon net earnings?"

For a second or two, the believer in the future of railroads will have to give the cynic his due, for it is true in the period 1916-1942 that wages have increased tremendously, as shown below:

	Annual Average Compensation Per Hour (Cents)	Per Employee
1916	28.3¢	$892
1942	85.2¢	2,307

Agreement with the cynic ceases after this brief period, however, for the following 1916-1942 selected instances of operating efficiency, summed up in one final column of observation (as concerns ability to control employment and wages), lend conviction to the belief in the ability of management to CONTROL the wage factor in the future EVERY WHIT AS ABLY AS IN THE PAST:

Year	Miles Road Operated	Rev. Ton Mi. in Billions	Freight Cars Operated	Locomotives Operated	Av. Capac. Frt. Cars (tons)	Ton Miles per Employee	No. of Employees
1916	254,037	362,444	2,329,475	65,595	40.9	220,000	1,647,097
1942	229,174	638,069	*1,732,673	*44,375	50.5	502,000	1,271,077

*1941.

In connection with the previously-noted sharp increase in hourly and annual wages and coupled with some of the efficiency factors just listed, note the following ratio of wages paid to annual gross revenues:

1916	40.8%	1930	48.3%
1917	43.3	†1931	50.0
1918	53.6	1932	48.4
*1919	55.3	1933	45.4
1920	59.9	1934	46.4
1921	50.1	1935	47.6
1922	47.5	1936	45.6
1923	47.7	1937	47.7
1924	47.7	†1938	49.0
1925	46.7	1939	46.6
1926	46.1	1940	45.7
1927	47.4	1941	43.7
1928	46.3	1942	39.3
1929	46.1		

*Government operation influence.

†Depression year influence.

This 26-year record of ability to correlate wages to gross revenues should be conclusive enough proof of the power of today's managements to accomplish the same results in the days to come, even though wages are far higher—especially in view of the coming results expected to flow from greater efficiency in operation, which runs the gamut of "CTC" (Centralized Train Control) down through the use of aluminum-alloy freight cars and wider ultimate employment of Diesel equipment.

With regard to taxes and their effect upon the fortunes of the railroad industry, it is held that the outlook is certainly no worse than that for other industries. In this connection, reference to annual changes for abandonments and retirements in past years, and contemplation of that expected in the future—just to mention only one time—serves to modify any undue pessimism on this subject.

* * *

In summary, the railroad industry has cut debt by at least a billion dollars since 1941, in keeping with which fixed charges have been reduced some $40 millions annually. In the same three-year period cash and equivalent has been built up from $800 millions to $3 billions, while net current assets have increased from $598 millions to $1.823 billions in the like period.

With no reconversion problems, no inventories which might have to be liquidated in the post-war period at a loss, nor excess plants which might have to be disposed of at a sacrifice; with the prospects for as much as four-five years of traffic levels somewheres between the 1942 and 1941 showings and earnings results at satisfactory levels and, in keeping therewith, a further inflow of cash, concurrent with added debt reduction—the railroad industry seems possessed of a continuing optimistic outlook.

In fact the writer can confidently foresee an eventual return of investor confidence in railroad securities, to the extent where once more they will command the same high respect and compensatingly low yield as that experienced in the yesteryear; naturally, war developments will provide occasional interruption in this general direction but the overall trend appears positively onward!

This advertisement appears as a matter of record only and is under no circumstances to be construed as an offering of these securities for sale, or as a solicitation of an offer to buy any of such securities. The offering is made only by the Prospectus.

60,000 Shares

Bond Stores, Incorporated

4½% Convertible Preferred Stock

Par value $100 per share

Price $105.50 per Share

(plus accrued dividends from April 1, 1944, to date of delivery)

Copies of the Prospectus may be obtained in any State from such of the several Underwriters, including the undersigned, as may lawfully offer the securities in such State.

LEHMAN BROTHERS   WERTHEIM & CO.

April 14, 1944

Insurance Stocks Attractive

American Surety Company, Boston Insurance Company, Firemen's Insurance Company, Globe & Republic Insurance Company, Knickerbocker Insurance Company, Merchants Fire Assurance Corporation, and New York Fire Insurance Company offer attractive situations according to memoranda being distributed by Mackubin, Legg & Company, 22 Light Street, Baltimore, Md., members of the New York and Baltimore Stock Exchanges. Copies of these interesting memoranda may be had upon request from the Insurance Stocks Department of Mackubin, Legg & Company.

Wallace To Visit China On Mission For FDR

Advices to the effect that Vice-President Wallace planned a trip to China in the late spring or early summer were contained in an announcement by the Vice-President at Washington on April 11. His announcement said:

"Vice-President Wallace hopes to visit Chungking some time in late spring or early summer. No definite plans have been made and no additional details are available at this time."

It was stated in Associated Press advices that a member of his secretarial staff said the trip would be made on official business and that Mr. Wallace would represent the President.

Later press accounts from Washington, April 15, indicated that the Vice-President's trip to Chungking on a diplomatic mission is designed primarily to reassure Generalissimo Chiang Kai-shek and the Chinese people that any delay in an all-out Allied attempt to retake Burma is only temporary.

From the Associated Press we quote:

"The Vice-President's round trip by plane to China is expected to bring him back to the United States before the Democratic National Convention meets in Chicago July 19. Thus he is expected to be in this country when the Presidential and Vice-Presidential nominations are made and not 9,000 miles away, as some of his political enemies had hoped.

"It is reported that Mr. Wallace will undertake the mission at the President's personal request because it was felt that only an important personage who speaks with the backing of the White House could accomplish the objective.

"Those who professed to know something about the Vice-President's projected visit said Washington wants to reassure China that large-scale Allied activity in that theatre will be forthcoming as soon as the military necessities accompanying the coming invasion of Europe permit.

"Friends said the Vice-President's acquiescence in the President's request that he make the trip was given without thought to his own political future. Mr. Wallace is a candidate for renomination on a ticket he expects to be headed by the President."

National Container Debentures On Market

Public offering of a new issue of $4,500,000 National Container Corp. 5% 15-year sinking fund debentures was made April 18 by a nation-wide banking group headed by Van Alstyne, Noel & Co. The debentures were priced at 100 and interest from April 1, 1944.

Proceeds of this financing will be used to redeem all of the company's outstanding 5½% debentures, due April 1, 1952; to pay off a term bank loan incurred in connection with the acquisition of the capital stock of the Bedford Pulp and Paper Co.; to pay off notes and bonds of subsidiaries; to redeem on June 1 all the outstanding first mortgage 5% bonds of the Bedford Pulp and Paper Co.; to redeem at par the outstanding 5% debentures, due in 1960, of the Bedford Pulp and Paper Co.; to reimburse the company and its subsidiaries for funds advanced in connection with the acquisition by Airdepot Realty Corp. of the stock of Bedford Pulp and Paper Co. and to increase the working capital of the company.

On completion of this financing the company's funded debt and capitalization will consist of the new issue of debentures and 330,482 shares of capital stock of $1 a share par value.

'5%' Rule Will Kill Small Business Post-War Hopes, Dealers Warn

(Continued from page 1612)

It should be realized that, at the best, there is a large amount of non-profit business done by firms such as ourselves. And we are only too glad to do it so long as we can afford it. As an example, our total dollar volume in 1943 was $1,945,000 and the gross profit—before any expense or commission—was approximately $48,000, or roughly, 2½%. Certainly, on an over-all basis, this could not be considered unreasonable.

Of equal importance, if such a rule is enforced, will be the effect on markets of comparatively inactive stocks, local situations, etc., with the resulting bad effects and losses on the present holder of such securities. These same shareholders, in many cases, have made possible the erection and operation of such plants with the resulting employment. Certainly, the present attempts to restrict and smother "free enterprise" would be aided and abetted by this unfair regulation.

PORTLAND, ME.

Why bother with small corporations when you can make as much on large corporations with less selling resistance?

When you sell stock in a small local company it is necessary to make some agreement with the seller or buy it outright, and if the customer wants to sell later the dealer feels obligated to pay him somewhere near the price at which he purchased, even though the broker or dealer may have to hold the stock for a long time until a new buyer comes along.

BOSTON, MASS.

I believe that it will eventually narrow the markets. Some of them are narrow enough now and depend upon local dealers for any market at all. If these local dealers always have the possibility of action by the NASD hanging over their heads there will not be any bids on some of them because they (the dealers) will not tie up their money if they are to be limited to a 5% mark-up. If the dealer has the possibility of a fight on his hands every time he buys an inactive security, he simply will not buy it. It is wrong to put the burden on an honest dealer; and I believe the whole thing wrong in principle any way and the most barefaced attempt at regimentation that this business has ever seen.

MOBILE, ALA.

(From firm favoring rule)

None whatsoever, and it will protect stockholders in such companies from unscrupulous dealers.

BOSTON, MASS.

You will note we have exercised our privilege of not signing this questionnaire for the reason that if by any chance this should get in the hands of the officials of the NASD I know we would lay ourselves open to reprisals; anything else would be contrary to all the laws of human nature.

It is our policy to mark-up unlisted securities approximately 5%. We feel, however, that in certain instances where a large amount of work is done we would be justified in getting a figure above this. The 5% figure is certainly fair enough, for example, in the case of an active bank stock or utility which can be purchased without effort. On the other hand, in inactive stocks difficult to purchase and sold in small lots with heavy transfer taxes, 5% is not enough. As a result of this ruling, we have completely eliminated our small accounts simply because, from a business standpoint, they are not worthwhile. It is tough on the customer, I admit, and they have resented the lack of attention, but we feel we are faced with no other alternative. If we operate at a loss we cannot stay in business, that is fundamental.

Another item that enters into this is the question of transfer taxes. I know of no retailer in any other line of business who is obliged to absorb taxes of this type. This 5% ruling has created a tendency on the part of salesmen to deal in stocks that do not have heavy transfer taxes. It has eliminated, as far as a dealer is concerned, the real value of an able trader. In my opinion, it is unfortunate the SEC has failed to recognize that the control of the NASD has gone into the hands of the larger underwriters and distributors directly or indirectly, who will benefit tremendously by the elimination of the small dealer. I would suggest each dealer look over the list of officials in his own district, weigh well their records over the years and ask himself whether they are really crusaders out to promote a "High Standard of Ethics" in the investment business or largely a group of mediocre, sanctimonious hypocrites with a psychopathic flair for publicity out to further their own interests.

BUFFALO, N. Y.

These regulations are arbitrary on the part of the NASD without the consent or even submission to members. It is wrong in principle and smacks of regimentation, etc. Small business under the 5% is out of luck—their chances of financing are reduced to zero.

FROM CITY NOT INDICATED

An adverse effect because we just can't make a market that will permit room for taxes, Red Cross contributions, war bond purchases, a place to transact business from, and a place to live in.

Also, no ONE interpretation of the rule can be had from those who created it.

NEW YORK, N. Y.

It would seriously curtail them and be most detrimental.

NEW YORK, N. Y.

Small companies would not find it possible to obtain financing publicly. Therefore, retard progress of expansion and development.

ROCHESTER, N. Y.

Probably a very bad effect because the dealer cannot afford to spend the time working up sales and making markets unless his profit is greater. Its much simpler to sell a security that is better known and has a broader market.

JAMESTOWN, N. Y.

I certainly believe that thin markets will become dormant. Jamestown has a population of around 45,000. There are a number of small corporations here having many stockholders, and I do not intend to put in the time and effort in finding buyers and sellers for these people, on small sales at 5%, and I have told the stockholders how the NASD has set up their rules along these lines. I have not found one person who did not agree that they would not expect that I could do so.

It is natural when people find out that their money is frozen in

(Continued on page 1630)

This announcement is not an offer to sell or a solicitation of an offer to buy these securities.
The offering is made only by the Prospectus.

$17,000,000

Louisiana Power & Light Company

First Mortgage Bonds, 3% Series Due 1974

Dated April 1, 1944 Due April 1, 1974

Price 103% and accrued interest

The Prospectus may be obtained in any State in which this announcement is circulated from only such of the undersigned and other dealers as may lawfully offer these securities in such State.

HALSEY, STUART & CO. INC.

OTIS & CO. (INCORPORATED)
HORNBLOWER & WEEKS

BURR & COMPANY, INC.
GREGORY & SON INCORPORATED
WELSH, DAVIS AND COMPANY

HIRSCH, LILIENTHAL & CO.
NASHVILLE SECURITIES CORPORATION
RAUSCHER, PIERCE & CO. INCORPORATED

STERN BROTHERS & CO.
WHITE, HATTIER & SANFORD

April 20, 1944.

DIVIDEND NOTICES

Atlas Corporation
Dividend No. 31
on 6% Preferred Stock

NOTICE IS HEREBY GIVEN that a dividend of 75¢ per share for the quarter ending May 31, 1944, has been declared on the 6% Preferred Stock of Atlas Corporation, payable June 1, 1944, to holders of such stock of record at the close of business May 15, 1944.

WALTER A. PETERSON, *Treasurer*
April 19, 1944.

THE BUCKEYE PIPE LINE COMPANY
26 Broadway
New York, April 12, 1944.

A dividend of Twenty (20) Cents per share has been declared on the capital stock without par value of this Company, payable June 15, 1944 to shareholders of record at the close of business May 19, 1944.

J. R. FAST, Secretary.

NATIONAL DISTILLERS PRODUCTS CORPORATION

The Board of Directors has declared a regular quarterly dividend of 50¢ per share on the outstanding Common Stock, payable on May 1, 1944, to stockholders of record on April 15, 1944. The transfer books will not close.

THOS. A. CLARK
March 23, 1944 TREASURER

MEETING NOTICE

NORFOLK AND WESTERN RAILWAY COMPANY
Roanoke, Virginia, April 6, 1944.
NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

The Annual Meeting of Stockholders of Norfolk and Western Railway Company will be held, pursuant to the By-laws, at the principal office of the Company in Roanoke, Virginia, on Thursday, May 11, 1944, at 10 o'clock A. M., to elect four Directors for the term of three years.

Stockholders of record at the close of business April 21, 1944, will be entitled to vote at such meeting.

L. W. COX, *Secretary*.

Kuhn, Loeb Group Offers Securities Of Moore-McCormack

Preferred and common stocks of Moore-McCormack Lines, Inc., operators of the popularly known "Good Neighbor Fleet," and now operating ships as Government agents, were offered April 18 by a banking group headed by Kuhn, Loeb & Co. and including Ladenburg Thalmann Corp., E. H. Rollins & Sons, Inc., Schroder Rockefeller & Co., Inc., A. C. Allyn & Co., Inc., Central Republic Co., Grubbs, Scott & Co., Maynard H. Murch & Co., and Johntson, Lemon & Co.

The offering, which is being made for the account of certain stockholders and does not constitute new financing by the company, consists of 60,000 shares of $2.50 cumulative preferred stock ($50 par), priced at $48.50 per share, and 60,000 shares ($10 par) common priced at $15.50 per share. The preferred is convertible until Dec. 31, 1945, into common stock at $20 per share, and thereafter to Dec. 31, 1950, at $25 per share.

The company has assets of more than $43,000,000 of which over $21,000,000 is in floating equipment. Outstanding capitalization consists of 108,000 shares of preferred stock and 500,000 shares of common stock. Of the 1,000,000 shares of authorized common stock, 270,000 shares are reserved for issuance on conversion of preferred stock.

Living Costs Unchanged In March, Conference Board Reports

Living costs of the average family of wage earners and lower-salaried clerical workers in the United States was unchanged from February to March, according to the National Industrial Conference Board.

'5%' Rule Will Kill Small Business Post-War Hopes, Dealers Warn

(Continued from page 1629)

some company they expected to be able to find a market for their investment, that they will not be anxious to go into something else, even though it may look very attractive. Financing of new industries are the only way towns and cities can grow.

I certainly hope that the N. Y. Security Dealers Association can get the attention of the right people to make a thorough investgation into the present unfair situation.

JAMESTOWN, N. Y.

There will be no market. Small dealers like ourselves will be forced out of business.

GLENS FALLS, N. Y.

Will result in no market for securities is small corporations.

LOS ANGELES, CALIF.
(From firm favoring rule)

None.

ROCHESTER, N. Y.

It is my opinion that if the 5% mark-up rule stands it will not only ruin the market for the securities of all small corporations but it will also ruin any chances any man or group of men might have to start a small corporation.

A SMALL UPSTATE NEW YORK TOWN

For many of them there will be no market.

MT. VERNON, N. Y.

Bad.

A SMALL UPSTATE NEW YORK TOWN

Is there any question about that? There just won't be any.

BUFFALO, N. Y.

Will probably discourage many dealers particularly employing salesmen from handling. It's unconstitutional in last analysis.

BUFFALO, N. Y.

I fail to see where it will have any adverse effect.

A SMALL UPSTATE NEW YORK TOWN

Very bad.

BUFFALO, N. Y.

Devastating.

BUFFALO, N. Y.

Unfavorable, at least temporarily.

NEW YORK, N. Y.

In my opinion there will be no new financing of small corporations by dealers throughout the country on a 5% basis.

SYRACUSE, N. Y.

Bad.

YONKERS, N. Y.

In our opinion it would tend to make all securities, including those of small corporations less marketable, and result unfavorably for both the borrowing corporations and investors in general. Any regulation of this kind tends to hamper and cramp the business and interests of all concerned. Free competition should suffice to protect investors, plus, perhaps, more stringent requirements, particularly as to capital investment, of dealers. Any dealer with a capital investment at stake will, in our opinion, "watch his step" more carefully than one who has little or nothing to lose.

UTICA, N. Y.

Little or no market.

A SMALL UPSTATE NEW YORK TOWN

The market will be stymied and dealers who operate in the country principally will go out of business.

UTICA, N. Y.

In the absence of any definite interpretation of this rule by the NASD or the SEC, it appears that even 1% could be determined excessive or 9% could be determined legitimate by the NASD examiner, depending how he felt that particular day or hour and who the broker or dealer concerned was. I am not opposed to a limitation of profit rule, providing it is definite and without exceptions and also providing that all securities dealers, both members and non-members of the NASD, are obliged to operate under the same rules and limitations. 5% appears ample for the trader, wholesaler, broker and large-volume houses, but is insufficient for the retail local dealer who originates the orders through personal contact and salesmen; some distinction should be made between the trader and the retail dealer when setting limitations; even the ICC give recognition to the extra costs of originating business and allow the originating railroad a large percentage of the total freight rate although only obliged to carry the freight a minor part of the distance.

The 5% limitation, if it stands, will force the dealer to sell only actively traded securities having solid markets; trading will be more frequent with customers in order to obtain volume. The small corporation's securities will be unattractive from a dealer's standpoint, due to lack of activity and profits. New financing of small corporations will be severely restricted and refunding operations will be hampered, due primarily to the lack of markets and dealer's interest in secondary market redistribution.

One would think that there is some mystery to this "securities business," but it is the same business that was here years ago. The costs of operation are about the same, possibly higher, due to taxes, cost of help, supplies, transportation, etc. The stock exchanges have had their commissions increased to take care of this added expense and I suppose you and millions of others have had an increase in your salaries to offset the higher costs of living and expenses. We all know the cost of our respective overhead expenses. There is no mystery to the cost of sales promotion work. Anyone who has been in the business 30 days can give concrete examples of the cost of doing business. Therefore, the dealer will concentrate on only those issues where turnover and volume will overcome the proposed decrease in our wages, so that we, too, may increase our gross profit to offset our gross expenses. As this will mean only handling actively traded securities with large markets, I am afraid the smaller corporations will be rather out of luck concerning their markets and new financing, providing this 5% decree is inaugurated.

NEW YORK CITY
(From firm favoring rule)

None.

GRAND RAPIDS, MICH.

It will probably affect the sale of low-priced issues, particularly in small blocks.

GRAND RAPIDS, MICH.

The securities business can be divided into two very distinct classifications. The "high grade," or investment type, and the "common stock," or speculative type, so far as regulation by the people in the industry is concerned. Neither one is qualified to supervise and regulate both. They are distinctly two different kinds of business and should not be thrown together.

At present about 90% of the board governing NASD are of the first type and very likely not over one or two of them deal in speculative securities. Their training is to conserve principal and apparently they know very little about the creation of new wealth. The wealth and progress of America was never made by such restrictive thinking.

There are still a lot of Americans that want higher income producing securities with a chance to speculate in new ventures and a chance to prosper with the growth of our nation.

The second type of dealer has a very definite place in the scheme of American life and while they should be regulated and encouraged to honesty and fair dealing, they should not be "put out of business," which seems likely under the "5% rule."

Government bonds, municipal obligations and other prior lien types of securities would in time become of doubtful value if financing by junior type of securities were stopped and the market for such issues ruined.

The answer, at least for the present, is the **formation of another department** or **association** for the handling, supervision, etc., of the second or "speculative type of business" dealer. It is a fact that IBA group do not have anything in common with the small dealer, and why the first group or conservative type should **want to regulate** the small, or common stock dealer, the "Lord only knows."

All we need is a **decent** chance to make reasonable and fair profits in order to preserve our type of business and thereby preserve and further the life and possibilities of new enterprise and markets.

KANSAS CITY, MO.

Probably will cause all prospective sellers (estates, etc.) to be at complete mercy of management officers when it is necessary to sell.

ST. LOUIS, MO.

It is our opinion that the 5% rule will probably be more of a detriment than an advantage under sound business administration.

SAN FRANCISCO, CAL.
(From firm favoring rule)

None, as should be sufficient, and it is better to have fair limit to eliminate the group of "chiselers" who prey on the investors.

ST. LOUIS, MO.

Will seriously impair such markets.

ST. LOUIS, MO.

We believe that the "5% mark-up" rule will be distinctly detrimental to the market for securities of the smaller corporations of the country and, in fact, believe that it will have a very adverse effect upon the market for all securities which are dealt in "over-the-counter."

We believe that the ruling is unfair to the small investment houses, and that it will drive many of them out of business. In fact, we consider the rule vicious in every respect.

SPRINGFIELD, MASS.

I firmly believe it will dry up the market to a very great extent and make the purchase and sale for the investor of small companies most difficult to carry out.

LOS ANGELES, CAL.

Along with the New Deal over-regulation of business, the 5% mark-up rule will eventually stifle or completely eliminate not only the market for securities of the smaller corporations but aid in the elimination of the establishment of new corporations through lack of a profit incentive. It requires courage for any business leader to publicy acknowledge his error made in good faith. For 12 years the leadership of the investment banking fraternity has shown a lack of a will to fight an Act that basicly reverses the traditional English and American principle that you are innocent unless proven guilty, so why expect a concerted move to correct one more strangling regulation.

A SMALL ALABAMA TOWN

Bad.

ST. LOUIS, MO.

Our business is largely a commission one and the 5% rule does not affect us. However, we are against control of profits by the government in principle. We do not think the 5% rule will affect small companies.

A SMALL MINNESOTA TOWN

It will eventually kill off the market for more speculative issues of small corporations.

ST. LOUIS, MO.

Smaller corporations, not known, there will be very little interest in their markets.

KANSAS CITY, MO.

Sadly neglected—resulting in withdrawal of dealer interest—hence, difficult to find bids. 5% rule made to order and ordered made by stock exchange houses and well-to-do over-the-counter houses who can get along until small dealers are compelled to get out of business and then, no doubt, another "made to order" directive will be issued in some way, allowing larger mark-up.

ST. LOUIS, MO.

It is bound to ruin these markets.

Calendar Of New Security Flotations

OFFERINGS

ALLIS - CHALMERS MANUFACTURING CO.—296,015 shares of $4 cumulative convertible preferred stock (par $100). Of the net proceeds the company will apply $15,600,000 to the redemption and payment of all of its outstanding 15-year 4% convertible sinking fund debentures due Sept. 1, 1952, at 104. Balance of proceeds will be added to working capital for war purposes and post-war business. Offered for subscription to common stockholders of record March 31, at rate of one share of preferred for each six shares of common at $100 per share. Rights expire April 12. Underwritten by Blyth & Co., Inc., and a nation wide group of 63 underwriters. Filed March 17, 1944. Details in "Chronicle," March 23, 1944.

Unsubscribed 24,248 shares placed privately by Blyth & Co., Inc. and associates.

AMERICAN CASUALTY CO. OF READING, PA.—100,000 shares capital stock (par $5), to be offered to stockholders of record March 10 at $11 per share in ratio of one new share for each share held. Rights expire about April 20, 1944. Proceeds for working capital. Filed Feb. 18, 1944. Huff, Geyer & Hecht, Inc., principal underwriters. Details in "Chronicle," March 9, 1944.

Offered by bankers on April 20 at 11¼.

AMERICAN OPTICAL CO. — 230,000 shares of common stock (no par), of which 167,490 shares are to be offered by company and 62,510 shares presently outstanding to be sold by ten vendor trusts. Net proceeds to company will be used, in part, as additional working capital. Principal underwriters are Harriman Ripley & Co., Inc. and Estabrook & Co. Stockholders (other than vendor trusts) will be offered right to subscribe to 167,490 new shares in ratio of one new share for each three shares held. Filed March 25, 1944. Details in "Chronicle," March 30, 1944.

Offered April 13 by above named underwriters and 40 associates at $22.25 per share.

ATLANTIC CITY ELECTRIC CO.—55,000 shares of cumulative preferred stock (par $100). Proceeds will be used to redeem 26,283 shares of old $6 preferred and purchase and cancellation of 30,592 shares of old $6 preferred stock of American Gas & Electric Co. (parent). Filed March 14, 1944. Details in "Chronicle," March 23, 1944.

Offered 55,000 shares of 4% cumulative preferred stock offered April 13 at 102.50 per share by Shields & Co., White, Weld & Co. and associates.

BOND STORES, INC.—60,000 shares of convertible preferred stock, cumulative (par $100). Dividend rate by amendment. From the estimated net proceeds approximately $2,107,875 will be used for retirement of $2,100,000 serial notes, together with premium thereon. Balance will be used for corporate purposes. Lehman Bros. and Wertheim & Co., principal underwriters. Filed Mar. 31, 1944. Details in "Chronicle," April 6, 1944.

Offered 60,000 shares 4½% cumulative preferred stock (par $100) offered at 105.50 per share plus dividend.

CELANESE CORP. OF AMERICA—350,000 shares of first preferred stock, $4.50 series (no par), cumulative and 139,622 shares of common (no par). Holders of its common stock will be given the right to subscribe for additional shares of common stock at the rate of one share for each ten shares held. Of net proceeds, $23,662,290 is to be applied, concurrently with the issuance of the 350,000 shares of first preferred stock, $4.50 series, to the redemption of 164,818 shares of 7% cumulative series prior preferred stock and 37,710 shares of 5% cumulative series prior preferred stock presently outstanding. The balance is initially to become part of the corporation's general funds and applied for additional plant facilities, or any corporate purposes. Dillon, Read & Co., and Morgan Stanley & Co., are named principal underwriters. Filed March 22, 1944. Details in "Chronicle," March 30. 1944.

Amendment filed April 9, 1944, fixing dividend rate at $4.75 annually.

Offered April 13 at $99 per share by Dillon, Read & Co. and Morgan Stanley & Co. and 96 associates.

ILLINOIS COMMERCIAL TELEPHONE CO.—21,000 shares of $4.75 cumulative preferred stock (no par). Proceeds will retire $6 cumulative preferred stock as follows: 17,098 shares at $110 per share, requiring $1,880,780, and 1,567 shares owned by parent, General Telephone Corp., at latter's cost, requiring $130,849, total $2,011,629. Balance will be placed in treasury. Paine, Webber, Jackson & Curtis and Mitchum, Tully & Co. principal underwriters. Filed March 29, 1944. Details in "Chronicle," April 6, 1944.

Offered April 18 at $100 per share, plus dividend by above named underwriters and associates.

LOUISIANA POWER & LIGHT CO.—$17,000,000 first mortgage bonds due April 1, 1974. Proceeds for refunding first mortgage 5s due 1957. Filed March 16, 1944. Details in "Chronicle," March 23, 1944.

Bonds awarded April 18 to Halsey, Stuart & Co., Inc. and 66 associates on bid of 101.9099 as 3s.

Offered by the bankers on April 19 at 103 and accrued interest.

MENGEL CO.—$2,500,000 sinking fund debentures, due April 1, 1959. Proceeds will be applied to redemption at 100½% plus interest of $1,568,000 first mortgage 4½% convertible sinking fund gold bonds, due March 1, 1947, balance added to general funds. Underwriters are F. S. Moseley & Co., Boston; Metropolitan St. Louis Co., St. Louis; Hemphill, Noyes & Co., New York, and J. J. B. Hilliard & Son, Louisville. Filed March 23, 1944. Details in "Chronicle," March 30, 1944.

Offered $2,500,000 3¾% sinking fund debentures, offered by above named underwriters on April 13 at 99½ and interest.

MOORE-McCORMACK LINES, INC. — 60,000 shares of $2.50 cumulative preferred stock (par $50) and 210,000 shares of common stock (par $10), including 150,000 shares reserved for issuance on conversion of preferred stock. The 60,000 shares of preferred and 60,000 shares of common offered are issued and outstanding Stock is being sold by present stockholders. Offering price and names of underwriters to be supplied by amendment. Filed March 28, 1944. Details in "Chronicle," April 6, 1944.

Offered April 18, the preferred at $48.50 per share plus dividend and the common at $15.50 per share by Kuhn, Loeb & Co., Ladenburg Thalmann Corp., E. H. Rollins & Sons, Inc., Schroder Rockefeller & Co., Inc., A. C. Allyn & Co., Inc., Central Republic Co., Maynard H. Murch & Co., Grubbs, Scott & Co. and Johnston, Lemon & Co.

NATIONAL CONTAINER CORP.—$4,500,000 5% 15-year sinking fund debentures due April 1, 1959. Price to public 100 and interest. Of net proceeds, $2,844,500 will be applied to redemption of presently outstanding 5½% debentures, bank loan, notes or bonds and mortgages, and $556,000 will be applied to redemption of presently outstanding first mortgage bonds and 5% note of Bedford Pulp & Paper Co., Inc.; $246,300 will be used to reimburse company and subsidiaries for cash expended to acquire Bedford Pulp & Paper Co., Inc.; remainder ($553,200) will be added to general funds. Van Altsyne, Noel & Co. is named principal underwriter. Filed March 27, 1944. Details in "Chronicle," March 30, 1944.

Offered April 18 by Van Altsyne, Noel & Co. and 25 associates at 100 and interest.

NORTHWEST AIRLINES, INC.—117,460 shares of common stock (no par) offered to common stockholders of record March 25 at $16 per share in ratio of one for each two held. Rights expired 3 p.m. EWT on April 6. Proceeds for general corporate purposes. Unsubscribed shares underwritten and sold by Auchincloss, Parker & Redpath and associates. Filed Dec. 23, 1943. Details in "Chronicle," March 16, 1944.

NEW FILINGS

List of issues whose registration statements were filed less than twenty days ago, grouped according to dates on which registration statements will in normal course become effective, unless accelerated at the discretion of the SEC.

TUESDAY, APRIL 25

CUDAHY PACKING CO. — $14,000,000 first mortgage sinking fund bonds, series B, 3% due May 1, 1964. Proceeds together with general funds of company are to be applied to the redemption at 102% of entire $17,182,500 first mortgage sinking fund bonds, series A, 3¾%, due Sept. 1, 1955. Underwriting are Halsey, Stuart & Co., Inc., $4,800,000; Goldman, Sachs & Co., $1,400,000; Central Republic Co., Inc., $1,050,000; Ladenburg, Thalmann & Co., $1,050,000; F. S. Moseley & Co., $1,050,000; A. G. Becker & Co., Inc., $900,000; Hallgarten & Co., $750,000; Shields & Co., $750,000; Blair & Co., $600,000; Hayden, Stone & Co., $600,000; Paine, Webber, Jackson & Curtis, $450,000; William Blair & Co., $300,000, and First of Michigan Corp., $200,000. Filed April 6, 1944. Details in "Chronicle," April 13, 1944.

WEDNESDAY, APRIL 26

WESTVACO CHLORINE PRODUCTS CORP.—35,000 shares of $4.25 cumulative preferred stock (no par). Proceeds will be made available for one or more of following purposes: Enlargement and improvement of present plants and processes; erection of plants to produce new products; acquisition and conversion of plants now owned by government and operated by the company, as well as other properties, and other general corporate purposes. F. Eberstadt & Co., New York, is principal underwriter. Filed April 8, 1944. Details in "Chronicle," April 13, 1944.

WEDNESDAY MAY 3

AMPAL-AMERICAN PALESTINE TRADING CORP. has filed a registration statement for 102,000 shares 4% preferred, cumulative, non-voting, $5 par.

Address—1140 Broadway, New York City.

Business—To develop trade relations between the United States and Palestine.

Underwriting—None. The securities will be sold through the efforts of the directors and employees of the issuer.

Offering—Price to the public $5.50 per share.

Proceeds—To increase working capital.

Registration Statement No. 2-5350. Form A-1. (4-14-44).

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

AMERICAN BAKERIES CO.—13,000 shrs. of class B stock (no par). The stock offered for sale is that of L. A. Cushman and Martha Bryan Allen Cushman as trustees of L. A. Cushman Trust. Names of underwriters and price to public by amendments. Filed March 29, 1944. Details in "Chronicle," April 6, 1944.

BEN-HUR PRODUCTS, INC. — $300,000 5% convertible debentures, series of 1943, due Feb. 1, 1951 and 11,400 prior preferred shares (for purpose of conversion). Proceeds to retire bank loans and working capital. Pacific Co. of Calif. and Wyeth & Co. named underwriters. Filed Dec. 20, 1943. Details in "Chronicle," March 9, 1944.

CARPENTER PAPER CO.—15,000 shares of common stock (par $1). Price to public $30 per share. 1,717 shares are being currently offered to a group of officers and employees at $21.50 per share under a separate registration and prospectus. Net proceeds ($446,000) are to be used for working capital. No underwriters named. Filed Mar. 30, 1944. Details in "Chronicle," April 6, 1944.

CORNELL-DUBILIER ELECTRIC CORP.—20,000 shares cumulative preferred stock, series A (no par). Proceeds for working capital. Eastman, Dillon & Co., principal underwriter. Price to the public by amendment. Filed March 30, 1944. Details in "Chronicle," April 6, 1944.

KLINE BROTHERS CO.—$500,000 5% sinking fund notes, due March 1, 1954. To be offered at 100 net, proceeds will be applied as follows: To redemption of $243,600 5% sinking fund notes, due May 1, 1952, at 100, $243,600; to renewal of equipment, etc., $75,000; for working capital, $74,295, and for post-war expansion, $80,000. Illinois Securities Co., Joliet, Ill., underwriters. Filed March 24, 1944. Details in "Chronicle," March 30, 1944.

MILLER MANUFACTURING CO.—100,000 shares of convertible class A stock (par $5) and 316,667 shares of common stock (par $1). Of class A stock 95,000 shares will be offered to public at $10 per share. The remaining 5,000 shares of class A stock, and 16,667 shares of common stock will be issued to certain holders of Rieke Metal Products Corp. as part of purchase price of stock of Rieke Metal proposed to be acquired by Miller from such stockholders. Of the net proceeds from sale of 95,000 shares of class A stock ($790,445), $587,500 will be used to pay cash balance of the purchase price of stock of Rieke Metal and any balance will be added to working capital. Baker, Simonds & Co., Van Alstyne, Noel & Co. and Straus Securities Co. are underwriters. Filed Mar. 29, 1944. Details in "Chronicle," April 6, 1944.

PEERLESS IMPERIAL CO., INC.—4,000 shares of preferred stock ($100 par). Company is offering, without underwriters, to its various customers and others the 4,000 shares of preferred stock at $100 per share plus dividends. Proceeds for working capital. Not underwritten. Filed March 29, 1944. Details in "Chronicle," April 6, 1944.

PLOMB TOOL CO.—$600,000 10-year 5% convertible debentures due Jan. 1, 1954. Proceeds will be used to redeem first mortgage bonds, reimbursement of company for funds used to redeem preferred shares and reduction in V-loan. Price to public and names of underwriters by amendments. Filed Mar. 29, 1944. Details in "Chronicle," April 6, 1944.

PUBLIC SERVICE CO. OF OKLA.—$1,500,000 5% cumulative preferred stock (par $100) and $6,600,000 first mortgage bonds, series A 3½% due Feb. 1, 1971. Stock is for exchange of $6 preferred of Southwestern Light & Power Co. (subsidiary) on share for share basis. Bonds will be offered for sale at competitive bidding. Registration effective Jan. 10, 1944. Filed Dec. 21, 1943. Details in "Chronicle," March 16, 1944.

SOUTH COAST CORP.—$1,500,000 first mortgage 5% bonds due Dec. 31, 1955. Proceeds to redeem $998,405 general mortgage income 6s and for working capital. Paul H. Davis & Co. principal underwriter. Filed Jan. 24, 1944.

SOUTH COAST CORP.—$1,702,260 5% cumulative income debentures (subordinated) due Nov. 30, 1973. The debentures are owned by Celotex Corp. and do not represent new financing. Paul H. Davis & Co., Chicago, is named underwriter. Filed March 31, 1944. Details in "Chronicle," April 6, 1944.

SPRAGUE-WARNER-KENNEY CORP. — 15,000 shares of 6% cumulative preferred stock (par $100). Proceeds will be used for the acquisition of a maximum of 8,649 shares of Western Grocer Co. 7% preferred in exchange of shares and $575,000 will be applied to retirement of 5,750 shares of 6% cumulative preferred of Sprague at $100 per share. Company also plans to issue $3,250,000 face amount of installment promissory notes and use proceeds as additional working capital. A. C. Allyn & Co., Inc., underwriter. Filed March 16, 1944. Details in "Chronicle," March 23, 1944.

SPROUSE-REITZ CO., INC.—1,000 shrs. voting common stock (par $100) and 3,000 shares non-voting com. stock (par $100). Shares of voting common stock are to be offered first to present holders of voting common stock ratably in accordance with present holdings. Shares of non-voting common stock are to be offered first to present holders of all classes of stock ratably in accordance with present holdings. Price $100 per share for each class of stock. Unsubscribed stock will be offered to the public. Proceeds for working capital not underwritten. Filed March 27, 1944. Details in "Chronicle," April 6, 1944.

Proceeds will be used to retire equal number of shares of 7% preferred. Company offers right to purchase preferred stock to holders of common stock who have not waived such right, on basis of one share of preferred for each 7½ shares of common held and for each remaining unit of less than 7½ shares held. The preferred stock covered by waivers is initially offered by the underwriters. The remaining preferred stock is offered subject to its purchase from the company by holders of the common stock. Underwriters are Courts & Co.; Milhous, Martin & McKnight, Inc.;

THE TRION CO.—12,850 shares of 5% preferred stock, cumulative (par $100). Ingalls & Snyder; Wyatt, Neal & Waggoner; R. S. Dickson & Co., Inc.; Kirchofer & Arnold, Inc.; Robinson-Humphrey & Co.; Brooke, Tindall & Co.; J. H. Hilsman & Co., Inc.; Clement A. Evans & Co., Inc. A. M. Law & Co., and H. T. Mills. Filed March 31, 1944. Details in "Chronicle," April 6, 1944.

VIRGINIA ELECTRIC & POWER CO.—An amended plan for merger of Virginia Electric & Power Co. and Virginia Public Service Co. filed with SEC April 17, 1944. Amended plan provides following changes from original plan: (1) $23,000,000 of 3% bonds of Vepco will be sold instead of $24,500,000 of 3½% bonds; (2) $9,000,000 of 2¼% 10-year serial notes will be issued instead of $5,000,000 2¼% 5-year serial notes; (3) each share of Vps preference will receive one share of new Vepco $5 dividend preference stock plus, for the 7% Vps preference, $24.50 in cash and for 6% Vps preference $19 in cash (plus accrued dividends in both cases); Vepco will restrict dividend payments on common to an extent which will leave in surplus $11,020,000 over a period of 10 years as compared with original proposal of $6,000,000 over a period of five years. Original plan filed Feb. 28, 1944, details of which were outlined in "Chronicle," March 16, 1944. Bond will be sold through competitive bidding.

VERTIENTES-CAMAGUEY SUGAR CO. OF CUBA.—696,702 shares of common stock ($6.50 par), U. S. currency. Of shrs. registered, 443,850 are outstanding and owned by the National City Bank, N. Y. Several underwriters have agreed to purchase $1,663,500 of first mortgage (collateral) 5% convertible bonds of company, due Oct. 1, 1951, owned by National City Bank, N. Y. Underwriters propose to convert these bonds at or prior to closing and the 252,852 shares of common stock which are received by the underwriters on such conversion, together with the 443,850 shrs. previously mentioned, will make up the total stock to be offered. Harriman Ripley & Co., Inc., N. Y., principal underwriter. Filed Mar 29, 1944. Details in "Chronicle," April 6, 1944.

Tomorrow's Markets Walter Whyte Says

(Continued from page 1614)

stop at 16¾; United Aircraft at 28, stop at 27, and Youngstown Sheet & Tube at 37 with a stop at 35.

* * *

The market, however, did not live up to its earlier promises. For volume dried up and prices, while they didn't break, were nevertheless whittled away. Result is that Youngstown bought at 37 sort of sagged through the 35 figure, automatically knocking it out of the list. The loss is not great. But the fact that there is a loss is not a comforting one. It shows an unravelling around the edges, a condition not present week ago.

* * *

From the news front there is little that wasn't known last week. The war is, of course, a subject of considerable speculation. The British removal of all diplomatic privileges from all but American and Russian representatives has brought about another flood of talk about the Channel invasion. All this is, however, talk.

What is more important to the market is the coming election campaign. The entry of General MacArthur into the Presidential campaign was not unexpected. But the number of non-Democratic candidates is merely a subject for conversation. Officially, no one knows if FDR will run again. If he does, then all the talk about how grand a man Dewey, or MacArthur, or Taft is, won't do much good.

* * *

Another subject that will play an important part in the market picture is the post-war plans. At this point let me give you a word of caution. Practically all of the talk you hear and the stuff you read about the wonderful world of tomorrow is made up of little but fanciful imagination plus wishful thinking. That the market is quite aware of this you can be certain. Otherwise, a great many stocks would be cheap today. They would be cheap if even half the rose-colored dreams came true. Instead, you have a market which is feeling its way carefully and gingerly. Talk is one thing. Putting up hard cash to back this talk is another.

* * *

I haven't abandoned my belief that the temporary trend is up; just as I haven't given up the idea that the main trend is down. But if some of the stocks we have in our list don't get off their rumps in the next week or so I'll have to change my theories of even the minor trend.

More next Thursday.

* * *

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

Brownhoist Attractive

Industrial Brownhoist offers interesting possibilities, according to a memorandum on the situation prepared by Gillis-Russell & Co., Union Commerce Building, Cleveland, O., members of the Cleveland Stock Exchange. Copies of this memorandum may be had upon request from Gillis-Russell & Co.

Gain Or Lose On Friscos?

Raymond & Co., 148 State St., Boston, Mass., have issued an interesting discussion on how the current holders of Frisco issues will fare by the new capital set-up. Post-war estimates and figures are presented in this discussion, copies of which may be had from Raymond & Co. upon request.

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"Our Reporter On Governments"

By JOHN T. CHIPPENDALE, JR.

The Government bond market in the past week was a quiet affair despite some activity in the partially tax-exempt obligations. . . . These bonds advanced about a quarter of a point in some instances during the middle of the week, then gave up practically all of their gains and closed the week about unchanged. . . . There appeared to be no significance to this brief flurry in the partially tax-exempt securities, aside from some banking buying for tax purposes. . . . For some time now the market for this type of obligation has been quite thin on both the buy and sell sides. . . .

It is indicated that the Treasury may be giving consideration to an interim offering of securities to the banks and it is expected that the final decision may be reached this week. . . . With great world-shaking events likely to happen in the not too distant future, the Treasury may deem it advisable to bolster its cash position to meet any emergencies that may develop. . . .

By borrowing before the Fifth War Loan begins in June, the Treasury would prevent its cash position from running low by the time the bulk of the Fifth War Loan subscriptions become payable on June 26. . . . It is estimated that Treasury balances may decline to between $3,000,000,000 and $4,000,000,000 by the end of June. . . . If the Treasury should borrow new money from the banks, it will probably take place about May 1, when $1,655,000,000 of certificates of indebtedness mature. . . . This comparatively small maturity could be refunded with a larger issue to build up Treasury funds. . . .

BANK RATIOS

The total volume of deposits of all the banks at the close of 1943 was in excess of $92,000,000,000 compared with capital resources of approximately $6,500,000,000, indicating a ratio of capital funds to deposits of about 7%. . . . In the central reserve cities, the New York banks reported a ratio of about 8%, while the Chicago banks had a ratio of approximately 6%. . . . Reserve city banks had an indicated ratio of 6%, whereas in the country districts it was about 8%. . . . There has been a substantial decrease in this ratio in the last few years, and since with the ending of hostilities and during the conversion period the volume of deposits is bound to increase sharply and certainly faster than capital resources, this ratio may be as low as 5%, and for many banks even below this figure. . . .

EFFECTS OF LOWER CAPITAL RATIO

This declining capital ratio has already had its effect upon the investment policies of the banks, and on the Government bond market. . . . The thinning out of the capital protection has made it essential for the banks to maintain a shorter average bond maturity and the relation of short-term Governments to deposits has risen sharply in the last three years. . . . This receding capital ratio is being actively discussed in banking circles, and the question arises whether or not too much emphasis is being placed on the ratio of capital funds to deposits. . . . It is pointed out that it does not give a realistic picture of the strong position of the banks. . . . Accordingly, it is suggested that a more reliable guide to the banking situation would be a ratio of capital funds to:

(a) Risk assets;
(b) Assets other than cash and United States Government bonds.

Capital funds, consisting of capital, surplus, undivided profits and reserves, less banking premises, is the cushion to be used against possible losses in assets, and it is contended that a ratio of capital funds to (a) risk assets, or (b) assets other than cash and U. S. Government bonds would appear to reflect more accurately the position of the banks than a ratio of capital funds to deposits. . . .

RISK ASSETS DEDUCTION

In considering the ratio of capital funds to risk assets it is pointed out that risk assets should include every type of assets on which losses might be sustained, and the best way to ascertain risk assets is to deduct them from all other assets . . . The following are considered riskless assets:

(1) Cash on hand and with banks;
(2) All short-term Government obligations, such as Treasury bills and certificates of indebtedness;
(3) Loans to brokers and dealers secured by Government securities and other securities;
(4) Prime bankers' acceptances.

Capital funds would then be measured against the remaining assets (risk assets), and if the ratio of capital resources to risk assets is lower than 1 for 10, the bank should endeavor to increase its capital. . . .

The other ratio being put forward for consideration as more representative of the banking situation is the ratio of capital resources (capital, surplus, undivided profits and reserves, less banking premises) to assets other than cash and holdings of U. S. Government obligations, since cash and Government bonds are held to entail no risk. . . .

A comparison made at the end of March, 1944, of the ratio of capital, surplus and undivided profits to deposits and of capital resources to assets, other than cash and holdings of U. S. Government bonds, for banks in New York City indicated the following:

	Capital, Surplus and Undivided Profits to Deposits	Capital Resources to Assets Other Than Cash and United States Government Bonds
Chase National Bank	6.2%	20.6%
National City Bank	5.5	17.6
Guaranty Trust Co.	10.0	35.8
Bankers Trust Co.	7.7	23.1
Manufacturers Trust Co.	5.1	20.2
Central Hanover Bank & Trust Co.	6.7	28.2
Chemical Bank and Trust Co.	7.0	22.2
Irving Trust Co.	10.4	35.4
First National Bank	13.3	62.5

It is pointed out that while the ratio of capital, surplus and undivided profits to deposits is under 10% in many instances among the New York City banks, the ratio of capital resources to assets, other than cash and Government bonds, is substantially in excess of the 10% figure. The capital resources are the safety factors for losses in assets, and from this ratio can be seen the outstanding strength displayed by the New York City banks. . . .

It is contended by the proponents of the ratio of capital resources to assets, other than cash and Government bonds, that a much better picture of the strength of the banking system is obtained from this ratio, than from the ratio of capital, surplus and undivided profits to deposits.

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Broker-Dealer Personnel Items

If you contemplate making additions to your personnel please send in particulars to the Editor of The Financial Chronicle for publication in this column.

ALBANY, N. Y.— **Thomas A. Cody**, formerly with R. M. Horner Co., is now associated with **Amott, Baker & Co.,** 150 Broadway, New York City.

(Special to The Financial Chronicle)

AUGUSTA, GA.—**William Wesley Doughty** is with **Clement A. Evans & Co., Inc.,** Marion Building.

(Special to The Financial Chronicle)

BOSTON, MASS.—**Mahlon T. Cowles** is connected with **Draper, Sears & Co.,** 53 State Street.

(Special to The Financial Chronicle)

DENVER, COLO.—**John Sellers Braddock** has been added to the staff of **Sullivan & Co.,** Security Building.

(Special to The Financial Chronicle)

HOLLYWOOD, CALIF.—**Rudolph Wihl** is now affiliated with **E. F. Hutton & Co.,** 1710 North Irvar Avenue.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Arthur H. Voelker** has joined the staff of **Russell M. Anderson,** 559 South Figueroa Street.

(Special to The Financial Chronicle)

OAKLAND, CALIF.—**Ivan E. Miller** has become associated with **Frank Knowlton & Co.,** Bank of America Building.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF. — **Frank N. Rasmussen** has become connected with **H. R. Baker & Co.,** Russ Building.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF. — **Olga Poulsen** has been added to the staff of **Hannaford & Talbot,** 519 California Street.

(Special to The Financial Chronicle)

SPRINGFIELD, ILL.—**Walter O. Brinkman** is now with **Dixon, Bretscher, Noonan, Inc.,** First National Bank Building.

Interesting Situation

Aeronautical Products, Inc., offers an interesting situation according to a memorandum issued by Mercier, McDowell & Dolphyn, Buhl Building, Detroit, Mich., members of the Detroit Stock Exchange. Copies of this memorandum may be had from the firm upon request.

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RR. Reorganization Delay, Beneficial or Detrimental

In their Chicago Letter for April, Carter H. Harrison & Co., 209 South La Salle Street, Chicago, Ill., members of the Chicago Stock Exchange, discuss delays in consummating railroad reorganizations and whether they are beneficial or detrimental. Also contained in the letter is a comparative chart of railroads in reorganization and an interesting table of Chicago business indices.

Copies of this letter may be had upon request from Carter H. Harrison & Co.

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The Financial Situation

The past week or 10 days have been particularly rich in post-war discussions and proposals. The meetings of the American Federation of Labor and of the Academy of Political Science have contributed their full share of such public outgivings, and may have stimulated the output even where they were not directly responsible.

Philip Murray, President of the Congress of Industrial Organizations, writing to the British Trade Union Congress, suggests, apparently, a sort of motorized column to accompany, or immediately follow, the occupying forces upon the continent of Europe to make certain of permanent peace. Senator Taft warns his party that "the thing we have got too do as quickly as possible is to bring the Federal budget into balance and start paying off the enormous war debt. We cannot go on with deficit spending in peacetime if the nation's financial stability is to be maintained."

Prices and Wages

Edwin G. Nourse, of the Brookings Institution, in an argument against post-war price policies based upon the "what-the-traffic-will-bear" theory, repeats the now familiar warnings that "unless productive capacity is aggressively used to produce more adequate consumers' goods than the masses have hitherto enjoyed, a popular demand for extensive government economic control is likely to arise." Relieving the monotony somewhat, however, he does take pains to include labor as well as management as being under the necessity of giving careful thought to these matters. "If unions seek to raise money wages," he warns, "without regard to whether the high price is accompanied by enlarged production, the result will be simply price inflation rather than real gains. While a small group within the economy can profit by wage policies which enforce scarcity prices

(Continued on page 1636)

The War Behind The War

By CHARLES HODGES*

The Second World War is approaching its climax.

At the same time, there is more and more of an effort to draw a dividing line—a dividing line between winning the war and winning the peace. I do not believe that war and peace can be separated. They are actually inseparable parts of the same thing—an organic process of destruction and reconstruction.

Charles Hodges

There seems to be in Washington at least one definite line of policy which our diplomacy persistently follows. This is to defer decisions on post-war problems and peace planning until after the war has been won. This is not only wishful thinking on the part of the State Department; it is a dangerous attitude which ignores international realities. Our peace objectives actually grow out of the war. We are making peace as we go along in this Second World War. We've reached a critical period and we'll have to move rapidly if we want a real peace between peoples instead of a truce in power politics.

Unless we formulate a definite American foreign policy in this year of decision, we will be confronted with a Third World War. That is a war we may well lose, for we will not be as fortunate next time in having allies to take the edge off the attack. I believe that this Third World War will hit us through Latin America unless far-seeing statesmanship takes hold right now.

I don't share the optimism that Secretary of State Hull's radio talk inspires in many of us.

From his over-publicized, platitudinous seventeen points to the

---

*Remarks made by Mr. Hodges, who is Mutual Network's Foreign Affairs Expert and Professor of International Politics at New York University, at a luncheon meeting of the Foreign Affairs Forum of the New York Society of Security Analysts, April 11, 1944.

(Continued on page 1641)

Senator Thomas Of Oklahoma Proposes Bill To Keep U. S. Obligations Valued At Or Above Par

Professor Spahr Points Out Its Inflationary Tendencies And Analyzes The Amount of Government Securities Banks Can Absorb In View Of Reserve Requirements

Senator Elmer Thomas (Dem.-Okla.), on March 13, introduced a bill (S. 1769) which would authorize banks, trust companies and insurance companies, "for purposes of any requirement of Federal law or regulation," to value their holdings of U. S. Government obligations, both direct and guaranteed, at par value wherever the market value thereof happens to be less than the par value.

Sen. E. L. Thomas

Dr. Walter E. Spahr

The text of the bill, which has been referred to the Senate Committee on Banking and Currency, is as follows:

"Be it enacted, etc., That whenever the market value of any interest-bearing bond, note, or other evidence of indebtedness, which is a direct obligation of the United States or which is fully guaranteed by the United States as to principal and interest, and which is owned by a banking institution, a trust company, or an insurance company, is less than the par value thereof, such bond, note, or other evidence of indebtedness shall be deemed, for the purposes of any requirement of Federal law or regulation, to have a value equal to the par value thereof plus any accrued interest thereon."

Commenting on this proposal, Professor Walter E. Spahr, in the April 1 issue of "Monetary Notes," published by the Economists' National Committee on Monetary Policy, characterizes it as "a new inflation bill."

"The offering of such a bill," states Prof. Spahr, "is undoubtedly the next logical step to be taken by a government that has encouraged and invited a huge Federal debt by profligate waste and spending, and now has to face the harsh fact that a day inevitably arrives when the people may no longer be able or willing to absorb the volume of Government securities pressed upon them, and may, instead, begin to dump them in the open market.

"When that day arrives, the banks will be forced to absorb all they can; and, what they absorb, if the Thomas bill becomes law, will be carried at par.

"A question that will remain is this: What will happen after the banks have absorbed all they can, considering reserve requirements? Item 2, below, is devoted to this issue. Here we are concerned with the implications of the Thomas bill.

"What the Thomas bill does is to put the Government in a position, by law, to declare as true what may actually be false. In this way it adopts a policy for itself that it would not tolerate for private citizens. The banks' assets are to be declared to be of greater value than they actually are, should Government securities decline in price in the open market. To that extent, the banks' assets will be water and not equal in value to the banks' liabilities.

"Such a program may, for a time, bolster the market value of Government securities, and for this reason this step is the logical one to expect, considering the fiscal measures and philosophies our Government has been pursuing.

"But this attempt to ward off the approaching day of reckoning has great limits and risks, and the question arises as to whether it is not better to face realities now

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Says World Morality Needed To Ensure Lasting Peace

A Comment On "Why A League Of Nations Will Not Ensure Permanent Peace"

Editor, "Commercial and Financial Chronicle":

I read with considerable interest Mr. Alexander Wilson's article, "Why A New League Of Nations Will Not Ensure Permanent Peace," which appeared in your issue of March 9, and that of Mr. William Garfield Lightbowne, given in your columns of March 16, under the caption, "Holds World Peace Body Offers Only Assurance Against Wars." It is my thought that you might be interested in giving the views of a member of the feminine sex on the subject matter of these discussions, namely, world peace objectives, which prompts my making the following observations:

Defeatism is saying that no matter what I do, no matter how I do it, I will never achieve my goal. Nothing can be accomplished by thinking along these lines; it is so negative a philosophy as to be incapable of bringing about even minor changes. Not only does it not build, it destroys; it destroys hope, ambition and the very spirit of man.

Realism, however, is another thing. Realism is saying that if I have only enough bricks for a two-story house I can't build a three-story house until I obtain more bricks. It does not say that I can **never** build a three-story house, only that I cannot do it under present conditions and things must be changed before I can reach my goal of a three-story house. This is true realism, and is not to be confused with the erroneous conception of realism which seems to be so widespread today, the one in which "ruthlessness is confused with realism."

I do not believe Mr. Wilson is a defeatist, but a realist. I do not believe that when man has only enough bricks for a two-story house and you tell him that he won't be able to build a three-story house until he obtains more material you are to be considered a defeatist. You are telling him the truth and when he gets to the second floor he will see your point. Then he will have to get more bricks, and maybe the price will be higher, and maybe they won't match exactly, and maybe it will look like a very patched-up job. I wouldn't like to be the man who had assured him with a cheerful smile and a hearty, booming voice that, "of course, he could build a three-story house." He will feel betrayed and will probably make very cutting remarks about big bags of wind and rose-colored glasses. He'll be wishing he'd spent a **little** more time in getting all the ma-

(Continued on page 1640)

Matthew Woll Upholds Atlantic Charter And Moscow Declaration

Vice-President Of A. F. Of L. Advocates Immediate Setting Up Of A United Nations Commission To Enforce The Announced Principles—Recommends An International Labor Office As Part Of Permanent "Community Of States"

In the opening address before the American Federation of Labor Forum at the Commodore Hotel, New York City, on April 12, Matthew Woll, Chairman of the organization's Post-War Planning Committee, urged the immediate creation of a United Nations Commission, which would supervise during the transition period the enforcement of the principles of the Atlantic Charter and the Moscow Declaration "pending the establishment of an all embracing community of States." His remarks announcing this viewpoint follow:

Matthew Woll

"We must declare clearly and unequivocally that, in full accord with the laboring masses of our Allies, we want a world in which the relations between peoples and States shall be determined not by force but by consideration of the principles of national freedom and self-determination of nations; a world in which international conflicts shall be adjusted by amicable and only by amicable means, in the manner formulated by the President of the United States and the Prime Minister of Great Britain in August, 1941, in the document that has come to be known as the Atlantic Charter. That document was subsequently signed and accepted by all the United Nations, including China and Soviet Russia. It received added emphasis in the joint declaration of the four great powers at the Moscow Conference in October, 1943.

"We of organized labor are neither jurists nor scientists but we interpret and accept the Moscow Declaration whole-heartedly at its face value. This declaration provides that none of the Allied nations shall seek any territorial aggrandizement; that no territories shall be transferred to any other State without a clear and democratic expression of the will of their people; that every people shall be accorded the right and opportunity to determine its form of government. We continue to support these principles and we object to any abandonment or modification of the Atlantic Charter to meet the demands of any particular State, however powerful it may be.

"Organized labor is composed of simple folk who demand that nations, like individuals, shall be obliged to follow the procedure of law, arbitration and abandonment of force in the settlement of conflicts and grievances. For this purpose there must be created an over-all international organization, which would embrace all nations, without exception, great and small, and which would accord equal protection to the strong as well as to the weak in their just demands and needs. If the matter at issue involves territories and frontiers, it should be decided by a plebiscite of the population of the territory in question, in accordance with the principles laid down in the Atlantic Charter, and not by the unilateral use of force on the part of the stronger party. We cannot recognize the right of one contesting party, however strong and however great the service it has rendered to the common cause, to settle territorial differences in any other way than by the democratic process prescribed by international agreement and obligatory upon all, the strong and the weak alike. If, proceeding from a false 'realism' we accept the violation of the principles of the Atlantic Charter, we shall undermine the very foundation upon which we seek to establish the edifice of the future community of nations, and all our declarations concerning the rights of peoples, and all our assurances concerning the equality of all before the law will be rendered unconvincing and hypocritical. The proposed new order would then be founded, as before, upon force, upon the balance of power, upon military alliances, upon division of the world into spheres of influence, with all the inevitable consequences with which we are so familiar.

"The danger would then arise that the peace that will crown this terrible, bloody war would be only an interlude preparatory to another, even more terrible world catastrophe. For this reason it is necessary to set up at once a United Nations Commission, which would supervise, during the transition period, the enforcement of the aforecited principles, pending establishment of an all-embracing community of States.

"Good neighborly economic cooperation in mutual trust and help is needed for relief and reconstruction in the period of transition from the war to a peace economy and for permanent security of employment and greater welfare thereafter. The United Nations should immediately begin relief activities designed to save the lives of the millions now starving in Axis-occupied countries. Nations that have been devastated by the war should be supplied with the materials and equipment necessary for reconstruction as soon as possible. With the aim of pursuing policies designed to assure the maximum utiliziation of manpower and creation of opportunities for full employment, an economic council of the United Nations should be established to coordinate the activities of the various international agencies which have been or will be instituted to carry out common economic tasks. Labor should be assured adequate representation in all these bodies.

"All States affiliated with the proposed international organization—the Community of States—should be required to become and remain members of the International Labor Organization and to abide by its laws and regulations.

"And there are few things more important to the peace and security of the world than the close and continued cooperation of the Americal labor movement with the democratic labor movements of all countries.

"Such, we of the American Federation of Labor are deeply convinced, are the foundations upon which a stable and enduring peace can be built, a peace that would assure to the peoples and the workers of the world a constructive, orderly epoch of social and economic progress.

"We are convinced that the program we offer corresponds in full measure to the interests of all peoples, without exception. The road to progress, to the welfare of all, to the lifting of work and living standards and to the expansion and maintenance of human freedom cannot be the road of new imperialistic conquests and territorial expansion, which must inevitably provoke the fear and envy of others, and would, in the final analysis, lead inevitably to the crystallization of two hostile blocs. This, in turn, would only accentuate the race for armaments and would open a new era of unprecedented militarization.

"The danger of any such development after the end of the present terrible war can be averted only by the close and honest cooperation of the great nations who will be the victors in the conflict. For with the destruction and elimination of the German military machine together with that ruling caste which, after each defeat, seeks to rebuild that machine for new wars; after the destruction of the naval and military power of Japan, after the achievement of the military objectives set at Teheran, the danger of new conflicts can arise only from within the victorious coalition. To avert that danger must be the chief and most important purpose of future policy. However, this purpose can be achieved only if the cooperation so solemnly promised in Moscow and Teheran will find expression not in mere declarations and hopes but in a real community of aims and methods.

"The aim of the United Nations must be the creation of an international order based upon the priciples of the Atlantic Charter and accepted by all the Allies. The method must be the method of democratic procedure; clear expression of the will of the peoples, political, religious and cultural liberty, including freedom of labor organization.

"We call upon all peoples, upon all workers in the Allied countries as well as in the countries suffering under the heel of the conquerors, to join us in this program, not in lip service only but in aggressive, militant, determined action."

Extraterritorial Rights In China Waived By Canada

Canadian press advices from Ottawa April 14 announced that on that day Canada had concluded a treaty with China formally relinquishing extraterritorial rights and other privileges which, under treaty provisions, Canada together with other nations previously exercised in China. The press advices from Ottawa, as given in the New York "Times," continued:

"Announcement of completion of the treaty was made tonight by Prime Minister W. L. Mackenzie King. It provides that not later than six months after the cessation of hostilities the two Governments will enter into 'a comprehensive modern treaty of friendship, commerce, navigation and consular rights.'

"The treaty completed today was signed by Premier King and by Dr. Liu Shih-shun, Chinese Ambassador to Canada. In its terms it is similar to the British extraterritorial treaty concluded on behalf of the United Kingdom, Northern Ireland and India on Jan. 11, 1943, and the United States treaty with China concluded on the same date.

"The first formal treaty ever signed by Canada with China, it provides that all international agreements that authorize any British or Canadian authority to exercise jurisdiction in China over Canadian nationals are abrogated.

"The Canadian Government agrees to cooperate with the Chinese Government in arrangements, as far as Canadian interests are concerned, for the abandonment by foreign Governments of special privileges held by them in Pieping, Shanghai, Amoy, Tientsin, and Canton."

Dewey Scores Bureaucratic Govt. Masquerading As Liberalism

Says New York State Has $163,000,000 In Trust For Post-War Use-Tax Simplification And Workable Soldier Vote Formula Cited Among Year's Accomplishments

During the course of his radio address of April 14, in which he reported to the citizens of New York State on the second year of his administration, Governor Thomas E. Dewey took occasion to deliver a stinging rebuke to what he characterized as "that type of personal government which talks fine phrases of liberalism while seeking to impose its will and its whims upon the people through centralized bureaucracies issuing directives from a distance." By way of contrast, the administration of the government of New York State, Mr. Dewey stated, has been freed of the "accumulated cobwebs of 20 years" and is now "filled with a spirt of teamwork between the legislative and executive branches . . . in cooperation with the people of the State and its local governmental units which are closest to the people."

Gov. Thos. E. Dewey

The objective of his administration, Mr. Dewey said, is "to establish and maintain a genuinely competent and progressive government," as contrasted with that personal type of government to which he had previously alluded.

The Governor disclosed that at the start of the current fiscal year on April 1, last, the State had an accumulated surplus in its Treasury of $163,000,000, the result of "abnormal wartime conditions and of good State housekeeping." This money, he declared, has been deposited in a post-war reconstruction fund which the Legislature created at his suggestion as Chapter 1 of the Laws of 1944. The existence of the fund, the Governor noted, had been the target of various pressure groups bent on raiding "this war-time surplus." After stating that "many suggestions of pleasant and useful ways in which we might spend it" were received, Mr. Dewey stated, as follows:

"But it seemed to me, and to the Republican leaders of the Legislature, that this money was not really ours to spend. Rather, it was a fund to be held in trust for the million young men and women of our State who are in the armed forces, for the millions of war workers who, when hostilities end, will be changing over to peace-time jobs. When that time comes a great responsibility will fall upon the State, which it must be ready to meet without delay—to help industry convert to peace production and to contribute its own part through immediate launching of needed and deferred public works. . . .

"When the day of reconversion comes, New York State will approach it, not merely with blueprints and bond issues to create new debts: we will have, ready for instant use, a minimum of $163,000,000 cold cash. Moreover, the State Department of Commerce is working intesively with business, big and small, all over the State, for the new industries and quick changeovers which will provide the great bulk of opportunity and employment for our people."

Among other subjects discussed by Mr. Dewey was the action taken by the State Legislature to establish a "simple, workable formula" which will facilitate voting by members of the armed forces, continuance of the 25% reduction in State personal income tax payments and the adoption of a simplified form on which to file returns. Referring to the soldier vote legislation, Mr. Dewey said:

"Your State Administration also took the lead in proposing a simple, workable formula for soldier voting. Under the new State law, adopted at this last session, every member of the armed services desiring to vote has simply to send in his name and his home address. He will then receive in the mail a ballot and self-addressed envelope.

"This soldier ballot will not be the blank piece of paper which was sponsored in Washington. Nor will it, as the National Government tried to do, deprive the soldier of his constitutional right to vote for every office to be filled. It will give every man and woman in the armed services, by the simple act of signing his name once, a valid vote for every candidate from President down to the local officers in his home town. Under this New York law, voting is simpler for a soldier on foreign service than it is for citizens here at home, and the honest ballots cast by real soldiers will not be cancelled by the frauds which other proposals would have permitted."

Business Failures Lower

March business failures are lower in both number and amount of liabilities involved them in February, 1944 and March, 1943. Business insolvencies in March, according to Dun & Bradstreet, Inc., totaled 96 and involved $1,460,000 liabilities as compared with 132 involving $3,108,000 in February and 410 involving $7,282,000 in March a year ago.

The decrease in the number of failures and the amounts involved in March from February took place in all of the divisions of trade into which the report is divided, without a single exception.

Manufacturing failures last month numbered 28, involving $801,000 liabilities, compared with 32 in February with $2,032,000 liabilities. Wholesale failures decreased from 10 to 5 and liabilities from $107,000 in February to $68,000 in March. In the retail trade section insolvencies were lowered from 49 to 43 and liabilities from $391,000 in February to $303,000 in March. Construction failures numbered 11 with $115,000 liabilities in March, which compares with 19 with $209,000 liabilities in February. Commercial service failures numbered 9 in March as compared with 22 in February and liabilities $173,000 in March as against $369,000 in February.

When the country is divided into Federal Reserve Districts, it is seen that the Cleveland and Atlanta Reserve Districts had more failures in March than in February, the Minneapolis Reserve District had only one, the same as in February; the Dallas Reserve District again did not report any failures, while all the remaining districts reported fewer failures. When the amount of liabilities is considered, it is found that the Cleveland, Richmond, Atlanta and Minneapolis Reserve Districts had more liabilities involved in March than in February, while the remaining districts, with the exception of the Dallas Reserve District, which did not have any, had smaller amounts of liabilities involved in March than in February.

The State Of Trade

Much study and consideration is now being given to business and industry in the post-war period and the past week's news reflects to a degree the aims and tentative plans for coping with the multiplicity of knotty problems that will arise to plague mankind with the cessation of hostilities.

The task of reconversion and its attendant effects upon our economic structure are presently receiving respectful attention. Unemployment will without doubt present a serious problem if industry is unable to go through the process of reconversion in a speedy and orderly manner and at the same time keep pace with military demobilization.

At present industrial activity is showing signs of tapering off in some quarters, with fears being raised that this trend may grow more pronounced before the year expires, making for uneasiness all around. Credence is given to this state of mind by the observation of Brig. Gen. Leonard P. Ayres, economist and Vice-President of the Cleveland Trust Company, that our latest manpower crisis was "largely verbal," adding that "probably it will prove to be true that the peak of industrial production in this war period was reached last October and that the worst of our labor stringencies are behind us."

According to General Ayres' index, industrial production was 40.7 above the normal level last October and declined to 35.2 above normal in December. It rose moderately to 37.7 in January and to 38.7 in February. October was set as the indicated wartime peak production month by General Ayres, since 12 of 15 components of the production index, to quote the General, "have already reached peaks from which they have turned downward, and it seems improbable that most of them can regain their previous high volume."

High-ranking officials of the automobile industry, discussing with WPB officials the problems expected when reduced demand for munitions will permit return to civilian production, agreed that it would be inadvisable to resume manufacture of passenger cars until the government can authorize production of a minimum of 2,000,000 civilian vehicles. They expressed the belief that any smaller number would make reconversion uneconomical. The WPB commenting on the meeting stated that the industry felt a serious unemployment problem would develop with the decline of war production unless the change-over to peace production is "properly planned."

Turning to industrial activity the past week, in the field of electric production, results show that output of electricity declined to 4,361,094,000 kilowatt hours in the week ended April 8, from 4,408,703,000 kilowatt hours in the preceding week, as reported by the Edison Electric Institute. The current figures, however, represent a gain of 12.3% over a year ago total of 3,882,467,000.

Consolidated Edison Company of New York reports system output of 198,500,000 kilowatt hours in the week ended April 9, and compares with 173,400,000 kilowatt hours for the corresponding week of 1943, or an increase of 14.4%.

In the steel industry, it is noted that production of steel ingots and steel castings in March closely approximated the all-time record of last October, according to "Steel" magazine, in its current issue. Total output for last month was 7,804,704 net tons compared with 7,819,061 tons in October, 1943. In the previous week, demand for steel was well maintained, despite occasional gaps in rolling schedules as a result of changing requirements. These changes tended toward confusion in the delivery situation, but other pressing tonnage and delivery in major steel products is serving to take up the slack, being as extended as in the recent past, the magazine reports.

As for the rate of steel production, The American Iron & Steel Institute places scheduled output for the week beginning April 17, at 99.5% of rated capacity, equivalent to 1,782,300 tons of steel ingots and castings. This compares with operations at the rate of 98.7%, and output of 1,768,000 tons a week ago. For the week beginning April 19, last year, steel output totaled 1,716,000 tons, and the rate at 99.1% of capacity.

As to the problem of reconversion in the metals industry "Steel" magazine states, that transition work is already under way. From a survey, "Steel" reveals, that 74.7% of the industry expects to reconvert overnight when the demands of war permit, but 15.6% will require a month to do so, 3.6% three months and 6.1% six months or more. Reconversion too, will be attended by large-scale unemployment, a major problem which metals executives foresee and have uppermost in their minds, since only 60.4% of the companies reconverting believe they can maintain employment during the change-over period. This is due to the fact that only 27.5% of the plants employing more than a thousand feel that they can maintain production after peace comes, the survey discloses.

Carloadings of revenue freight for the week ended April 8, totaled 789,324 cars, the Association of American Railroads announced. This was an increase of 1,799 cars, or 2/10ths of 1% above the preceding week this year, and an increase of 305 cars, or 3/100ths of 1% above the corresponding week of 1943. However, taking the same week in 1942 for comparative purposes, a decrease of 24,772 cars, or 3%, is reflected.

Bituminous coal production as estimated by the National Coal Association from incomplete car loadings reports, places production in the United States for the week ended April 8, at approximately 11,920,000 net tons, against 12,170,000 net tons for the corresponding week of last year. The report of the Solid Fuels Administration for War places production for the week ended April 8, at 12,020,000 net tons, or an increase of 340,000 tons above the previous week. Production Jan. 1, through April 8, was estimated by the former source, at 174,222,000 tons, against 169,753,000 tons for the same period in 1943.

Paper production in February declined 2.9% under that of January, and 1.2% below February last year, the American Paper & Pulp Association reports. Orders received in February exceeded production by 1.9%, with the result that unfilled orders rose somewhat over the January level. Paper output for the week ended April 8, was equal to 92% of capacity, as compared with 88% in the preceding week, and 89.9% for the week ended April 10, 1943, the same source notes.

Retail buying in New York City was well sustained the past week and although there was a decline from the pre-holiday peak, the drop was less than in previous years, Dun & Bradstreet reports. Activity was kept alive, especially in women's apparel with the sale of cotton dresses heavy. Men's wearing apparel such as suits and topcoats enjoyed a good demand and sales of accessories, such as handbags, novelty jewelry and other articles surpassed expectations, the trade review said. The percentage of increase in sales last week over that of one year ago for New York City as reported by the Federal Reserve Board was 17% for the week ending April 8.

Department store sales on a country-wide basis rose 23% for the week ended April 8, compared with the like week a year ago, as taken from the Federal Reserve Board's index, while sales for the four-weeks' period ended April 8, advanced 22% compared with a similar period last year, and by 6% for the year to April 8, over a like period in 1943.

Much is heard these days about the interference of government in the affairs of business, but in the retail trade merchants are not entirely opposed to regulations by the government as may be noted by their recent action.

Endorsement by 30 national and 18 State retail trade associations, representing more than half a million stores was given the extension of the Price Control Act for one year, according to the American Retail Federation in announcing a poll of its members. The Federation stated, however, that amendments were asked that would better protect retailers. One such amendment sought, the Federation pointed out, would limit the power to control profits to Congress through tax legislation.

War spending in these days is on an unprecedented scale and is causing taxpayers much concern and interest as to when the rising tide of debt will subside. The following will afford them some inkling as to the proportion reached in previous months.

War expenditures of the United States as disclosed by the OWI last week, reached a record monthly high in March and amounted to $7,948,000,000, the former monthly record being $7,808,000,000 disbursed in February. Expenditures for the first quarter of this year averaged $7,724,000,000 monthly, an increase of 6.1% over the monthly average of $7,283,000,000 for the fourth quarter of 1943. The average daily rate in March declined to $294,400,000, as against $312,300,000 during the month of February.

Shippee Named To ABA Credit Policy Group

Lester E. Shippee, Executive Vice-President of the Hartford-Connecticut Trust Company of Hartford, Conn., has been appointed to membership on the Credit Policy Commission of the American Bankers Association, it is announced by A. L. M. Wiggins, President of the Association. The Credit Policy Commission is a group whose membership is representative of the various committees of the Association dealing with credit problems. Mr. Shippee is Vice-President of the Connecticut Bankers Association. He began his banking career with the Windham County National Bank in Danielson, Conn., in 1914. After World War I he became associated with the Columbia Trust Co. in New York City, for the period 1919-1920. From 1922-1927 he was Deputy Bank Commissioner in Connecticut, and was Commissioner from 1927-1931. He joined the Hartford-Connecticut Trust Co. in 1931 as Vice-President, and was made Executive Vice-President in 1936.

Mr. Shippee is director of a number of corporations. In addition he is General Chairman of the Post-War Economic Development Council for Metropolitan Hartford. He is a director of the Hartford Chamber of Commerce and the Connecticut Chamber of Commerce, treasurer of the Hartford Community Chest, treasurer and director of the Governmental Research Institute, Inc., and treasurer and director of the Hartford Better Business Bureau.

From Washington Ahead Of The News

By CARLISLE BARGERON

The British press seems to be crying its collective heart out over the Wisconsin primary result and the withdrawal of Willkie. It means, they sob, that we are returning to our traditional isolationism, or rather the Republican party is. Unless FD is reelected the post-war world is lost. In this country, the Leftist press is screaming that the Republicans can't possibly escape their isolationist supporters now, and other editors are soberly cautioning that no isolationism can be read into the Wisconsin results, and that a disservice is being rendered by giving the world the impression that it was an isolationist victory. Mr. Hull, sounding a high note of world collaboration, pleads that both political parties stand together on it, that we not again fall into disunity among ourselves as we did so ignominiously before.

There is such an awful breast-beating about our collaborating "in the future," in fact, that nobody stops to ask whom we are to colloborate with. Russia? Stalin has taken the stand from the very beginning that he intends to go his own way in eastern Europe, and if there is one thing clear in all of the world mess, it is that he is determined to do it. From Mr. Hull's recent speech we gather than he is willing to let Stalin do this if he will only "collaborate" in doing it. The end would be the same but it would look much better if Stalin instead of saying plainly what he intends to do, would at least give the appearance of "collaborating." Apparently, he is so perverse as not to be willing to give the appearance of "collabating" unless he can really collaborate in our Latin-American policy.

Mr. Hull will really accomplish something politically if he sells the Republicans on agreeing to his collaborationist policy. This would mean that after Stalin had done what he wants to do, we then agree to enforce the situation which he has brought about. If the Republican politicoes subscribe to this they will be estopped from criticizing our post-war foreign policy, and there are those who insist that it should not be an issue in the campaign, but they will also have let themselves in for the charge that they have been wrong on foreign affairs in the past and that this is responsible for the mess we are in, which is a tune the New Dealers certainly intend to ring.

Notwithstanding this, we are inclined to think Mr. Hull will be successful. There is a tremendous "collaborationist" yearning among the Republican politicoes. It is doubtful if there is so much of this yearning among the rank and file of people.

In the attitude of these Republican politicoes there is a mixture of helplessness and of patriotism. When the politicians get into trouble, when the problems become too arresting, their inclination is to set up a commission, and now, after this country is in its second World War in a generation, so to speak, and the people are asking why, the tendency is to set up a commission, which is to say, an international tribunal of some kind.

But about the patriotic aspects of the Republicans in this matter, there is the disposition among them not to rock the boat while we are at war. We see no such tendency on the part of the New Dealers not to rock it. They carry on their class war; they get up a merry agitation about whether we should recognize De Gaulle and Badoglio, the so-called liberal or anti-liberal elements of Greece and Yugoslavia. They go along just as they were going before the war. The attitude of the Republican politicoes —and we mean the Republican Congressmen and Senators and Governors, etc.; the professionals —is to present a united front to the enemy. It would be nice if the New Dealers would play ball with them on this score. But the fact that they won't is not likely to dissuade the Republicans.

This being the manifest case, one wonders why the British are moaning so audibly over Mr. Roosevelt's prospective defeat. An anti-collaborationist trend, they say, when we have just read how Mr. Hoover and Ramsay McDonald sat over the Rapidan logs and discussed splitting up the world into two spheres, the reduction of navies and whatnot. How in the name of Heaven can you have any more collaboration than that?

The point is that we have always been "collaborating"; we'll be doing it to our dying day. The only possible difference on this "collaborationist" business between a Republican and New Deal administration is that the former will not scatter money around the world so freely as will the New Deal; that, instead, it will be finding out where some of the money has already gone. You can't escape wondering if that is what the British are worried about. If we ever move in and collaborate to the extent of "helping" them administer their possessions, "helping" them invest in and develop those possessions —oh, boy, what collaboration that would be.

Latin American Problems Discussed

Export, import and transportation problems in Latin America were discussed on April 13 by representatives of W. R. Grace & Co. at the Round Table on Latin America, held at the New School for Social Research in New York City. John T. Kirby, Vice-President of W. R. Grace & Co., made the introductory remarks, which were followed by a general discussion.

Harold J. Roig, President, Pan American-Grace Airways; R. Ranney Adams, Executive Vice-President, Grace Line; Chester R. Dewey, President, Grace National Bank, and other executives of W. R. Grace & Co. and affiliated companies participated in the general discussion. Dr. Hans Staudinger, dean of the Graduate Faculty of Political and Social Science of the New School, acted as moderator, and Dr. Frederick Haussmann, chairman of the Round Table series, took part in the discussion.

Others who took part in the discussion and who put leading questions were the following:

Frank Tannenbaum of Columbia University and M. Vidal Guardiola, industrialist—discussion of the industrial development of the company in Peru and Chile and the cooperation of the company with the national economy of these countries.

Professor Henry Jordan, New York University—trade problems.

Jose Weissberger — transportation, shipping and air line problems.

Among others taking part in the discussion were Emilio Godoy, Charles Ney, William Flatow, George Horner, Walter Lindeman and Roy Russell, all from W. R. Grace & Co. and qualified through experience to discuss export and import problems in general and a few specific commodities, such as sugar, coffee, ores, metals, cotton and wool.

A New Kind Of World?

A thorough analysis of the mistakes of the unhappy past, a study of current developments, and an examination of future possibilities have led us to the following conclusions as regards some of the basic problems involved in the future prevention of aggression and war:

1. The major nations together with the other law-abiding States should create an international organization for the maintenance of peace and security.

2. The major nations—and, in due course, all nations—should pledge themselves not to use force against each other or against any other nation, except on the basis of arrangements made in connection with such an international organization.

3. Each of the major nations, and any other nations to be agreed upon, should accept special responsibility for maintaining adequate forces and for using such forces, on the basis of arrangements made in connection with the international organization, to prevent or suppress all disturbances of the peace.

Our basic thought is that a general international organization of sovereign nations, having for its primary objective the maintenance of peace and security, should comprise effective agencies and arrangements for the pacific settlement of international controversies; for joint use of force to suppress disturbances of the peace, and for fostering cooperative effort among nations for the progressive improvement of the general welfare.—Breckenridge Long, Assistant Secretary of State.

Such schemes in the past have regularly been wrecked on the rocks of stubborn nationalism.

Obviously, they must always fail in a world composed of individual nations determined each to push its own interest to the limit.

Is there any reason to suppose another kind of world has come into being now?

The Financial Situation

(Continued from first page)

on others, the advancement of workers' interests generally as consumers can come only from expansion rather than restriction of production. Labor as well as capital may price itself out of a market."

Dean Donald K. David, Dean of the Harvard Business School, is certain that "during the past year there has been a growing appreciation on the part of business leaders and of the public at large of the great importance of preparing currently for the resumption of normal industrial operations based on civilian requirements. The transition to successive phases of our war effort will inevitably involve the demobilization of certain portions of our armed forces. As these men return to this country they are going to want jobs—honest jobs, not relief work or the dole. And these jobs should be provided by private enterprise if we are to maintain sound economic and political conditions in this country. However, reasonably full employment in private enterprise without a serious delay is impossible unless we have effectively anticipated the intrinsic problems in the reconversion of the country's productive facilities. Any sound analysis of these problems raises questions of raw materials, of financial resources, of taxation, of marketing methods, as well as many others."

Public Policies

Henry E. Bodman, Counsel to the Automotive Council for War Production, being a practical man of affairs, addresses himself with greater particularity to problems which he and his clients are well aware will quickly and threateningly face business when the time comes to reconvert on a major scale. Says he:

"Legislative and administrative settlement procedures should be established without delay. These should include (1) provision for the prompt clearance of industrial plants; (2) for the prompt settlement of war contracts which will be final and conclusive except for collusion or fraud; (3) sufficient advance payments to free the working capital of war contractors so that civilian production can be resumed; (4) partial final settlements without waiting for approval of the entire claim, and (5) the protection of war contractors against insolvency of other war contractors to or for whom goods or services have been furnished in furtherance of the war effort."

Robert Gaylord, President of the National Association of Manufacturers, is likewise of a practical turn of mind, and in what he has had to say during the past week, although perhaps somewhat weakened by phrases of little clear or definitive meaning, contributes in a concrete way to current post-war discussion. He says that "if business wishes to remain in private hands it must make its contribution to the country worth while. It must see that it is truly competitive, that it treats fairly the investors and labor who share in making it valuable, that it learns to avoid depressions which penalize all of us.

"Labor's part is no less important. If it wishes to be free and to choose its employment where it will and without restrictions, it must see that it produces effectively. There is no more place for monopoly in labor than there is for it in management. Specifically, this means that restrictions that are presently being placed on production in some places must be removed. It means that time-wasting and expensive regulations that make work for some but do not make for lower costs must be abolished.

"Nor are all detrimental government restrictions a matter of law," he said. "Some are by regulation, such as the present Treasury Department regulations which interfere with setting up adequate depreciation reserves. Unless business can scrap existing equipment as rapidly as economically possible so as to replace it with modern facilities that will produce better goods at lower prices, we will not make the strides to a better country that free enterprise permits."

Labor's Responsibility

There is some evidence that the American Federation of Labor joins with the President of the National Association of Manufacturers in this general view of the situation, for at one point its official post-war program has this to say:

"In addition to its responsibility for craftsmanship and discipline of members and selection of officers to represent the union and negotiate contracts protecting members' rights and interests, the union must assume the responsibilities accompanying the establishment and maintenance of maximum levels of production and employment. This implies the unreserved cooperation necessary for full employment with review and revision of rules and practices which were developed to protect workers in a depressed and severely fluctuating economy."

Unfortunately, however, the same document contains this passage:

"For all wage-earners the American Federation of Labor proposes . . . restoration of shorter work week without material reduction in weekly earnings. During the war wage-earners have contributed increased productivity to the war effort without compensation by increases in wage rates. Justice, therefore, requires that they return to normal hours without material change in weekly earnings."

Reduced to essentials, we have here a proposal which would increase hourly wages 10 or 15% in a number of industries over existing hourly earnings (swollen as these are with overtime penalty payments), and, of course, a much larger increase over the base wage rates existing now, and still more above those that existed immediately prior to the outbreak of war. Moreover, the increases thus provided would be divided in the most arbitrary way among the various groups of wage-earners. Such a suggestion can scarcely be regarded as cooperating to stimulate maximum production in the post-war world.

Some Reservations

It would, of course, be unreasonable and in any event quite futile to expect uniform intelligence or constructiveness in such post-war discussion. Talk will, moreover, continue, regardless of its usefulness. The public, therefore, would do well to keep certain mental reservations "on tap," as it were, at all times. Some of them are:

(1) The post-war world will not be saved by glittering resolutions, no matter by whom adopted.

(2) Not much will be accomplished by talking vaguely about "responsibility" in the post-war world, by exhortation to "cooperate," or by effort to force prosperity as President Hoover did early in the 1929 depression.

(3) Indeed, "cooperation," no matter by whom or by whom demanded, is of much less importance than is commonly supposed. It is indeed quite possible to have too much cooperation. An ounce of competition is worth many pounds of cooperation.

(4) First and foremost, we must have wise public policies, which will leave as much as possible to the initiative, discretion and judgment of the individual.

Money In Circulation

The Treasury Department in Washington has issued its customary monthly statement showing the amount of money in circulation after deducting the moneys held in the U. S. Treasury and by Federal Reserve Banks and agents. The figures this time are those of Feb. 29, 1944, and show that the money in circulation at that date (including of course that held in bank vaults of member banks of the Federal Reserve System) was $20,823,585,532 as against $20,529,050,611 on Jan. 31, 1944, and $16,087,533,935 on Feb. 28, 1943, and compares with $5,698,214,612 on Oct. 31, 1920. Just before the outbreak of the first World War, that is on June 30, 1914, the total was $3,459,434,174

Atlantic Charter Aims Require Sound Economic Policies

Dr. F. Cyril James, Principal and Vice-Chancellor of McGill University, Montreal, told the American Academy of Political and Social Science at Philadelphia on April 15 that the fulfillment of the Atlantic Charter will depend as much on the soundness of domestic economic policies as on recognition of international responsibility. We quote from an Associated Press dispatch from Philadelphia, on April 15, from which we also take the following:

Dr. James told the American Academy of Political and Social Science that the present war was caused in part by the "inefficiency" with which Western nations managed the reconstruction after the World War.

Failure to carry out the ideals reiterated from the Brussels Financial Conference in 1922 to the World Economic Conference in 1933 was due in part, he said, to the fact that there were serious internal economic difficulties within each of the Western natnois involved. "Current suggestions that the period of reconstruction after this war will be different from any other period in human history are dangerous, since they invite the formulation of dreams that are not founded on reality," Dr. James said.

"When victory crowns the present struggle we shall have another opportunity. If the ideals of the Atlantic Charter are in very truth to be attained it is imperative that firm economic foundations should be laid for an enduring peace. Monetary stability and the liberation of world trade from its present fetters are still vitally important, but the attainment of these ideals will depend on the soundness of domestic economic policies as well as upon courageous recognition of international responsibility."

Rule By "Bureaucratic" Mandate And Decree Condemned By Hawkes

Senator Albert W. Hawkes addressing members of the National Metal Trades Association at Syracuse, N. Y., on April 15 declared that Americans should "wake up and reharness" their government to make it their servant, not master, and condemned rule by "bureaucratic mandate and decree." A special dispatch to the New York "World-Telegram", from Syracuse, on April 15, from which we take the foregoing also quoted Senator Hawkes as follows:

If the people don't do this, he said, "the things for which we went to war will be lost."

Senator Hawkes declared that the three million persons on the public pay roll were "a menace to the rule by majority."

He demanded that Congress recover from the President "powers transferred to him unnecessarily," place a time limit on any future granted executive powers, exercise greater economy and efficiency in Government expenditures and see than "only qualified, efficient men, not political debtors, are appointed to Government jobs."

Senator Hawkes advocated preservation of State's rights, warning that the people of the states must not "feed the flames of centralized government" by wallowing in the trough of public expenditures He urged Americans to "exercise their duties and responsibilities as free men" under the Constitution.

Hull In Pan-American Day Address Declares Inter-American Unity Respects Rights Of Others

Stressing the inter-American unity existing between the nations of America, Secretary of State Cordell Hull in an address on April 14, signalizing the observance of Pan-American Day, took occasion to state that "our unity comes from a passionate devotion to human liberty and national independence which is so strong that it does not stop with the effort of each people to secure liberty for itself, but goes on to respect as no less valid the desire of other peoples to achieve the same liberty in accordance with their own traditions and historic institutions."

Secretary Hull, whose address was broadcast from Washington, noted that "as the years have gone on the true principles underlying inter-American unity have been made more specific as one inter-American conference has followed another"; in particular he made mention of the Montevideo conference in 1933, at which, he stated: "The American Republics affirmed their belief in certain essential principles upon which cooperation between nations and international order must be based." "Among them," he said, "was the principle that every nation, large and small, was equal before the law of nations. Another was the right of every nation to develop its own institutions, free from intervention by others." It was also observed by Mr. Hull that "we already see the beginning of a wider application of these basic principles. They were stated in the Atlantic Charter, the United Nations' Declaration, and the declarations made at Moscow."

In pointing out that "we citizens of this hemisphere have great opportunities before us," Secretary Hull stated:

"The community of action among the American nations, already highly developed, will at the end of the war be indispenable in the advancement of our economic well-being and in the establishment of an international organization to prevent the recurrence of world wars." "Together," he added, "we must foresee and prepare for the ever-greater common task of the peace."

Secretary Hull's address follows in full:

"Pan-American Day is an important anniversary to the nations of the Americas. We meet today to honor those whose vision and energy established and for more than 50 years have carried forward the Pan-American Union and all that it signifies. It is well to ask ourselves why it is that we can meet in the midst of the greatest war of history and why it is that we have so great an achievement to commemorate, for in doing so we may more clearly see the guideposts which point the true direction in which we may go forward to new cooperation among ourselves and new cooperation with other nations of the earth.

"Inter-American unity was not brought about by force and is not based upon the conception of a master race whose mission is to rule. It was not produced by nations with a homogeneous racial origin. It does not depend upon the words of a common language or a culture based on a common literature or common customs and habits.

"Were these the only sources of international unity and common action, the future for the world would be dark indeed. But inter-American unity proves that there are other sources more subtle and even stronger—sources which offer hope to a world which can find no hope in the factors which I have mentioned.

"Our unity comes from a passionate devotion to human liberty and national independence which is so strong that it does not stop with the effort of each people to secure liberty for itself, but goes on to respect as no less valid the desire of other peoples to achieve the same liberty in accordance their own traditions and historic institutions.

"Although the language of Bolivar and San Martin was different from that of Washington and Jerferson, they were expressing the same purposes and principles and they led their countrymen along the same paths. These are the paths along which inter-American unity has developed, growing ever stronger as the American nations have come to understand one another and to have trust and confidence in one another's purposes and to work together for purposes so identic that they produced, not division and jealousy, but unity of thought and action.

"As the years have gone on, the true principles underlying inter-American unity have been made more specific as one inter-American conference has followed another. In the years between the world wars the trust and confidence between the American nations grew ever stronger, while elsewhere the growth of ambitions of conquest by force brought division and fear. It is the common pride of the American republics and the good fortune of all mankind that the torch of international cooperation has burned at its brightest in the affairs of this hemisphere precisely at a time when it was being blacked out elsewhere. It is natural that the history of an international association which has endured longer than any other should provide encouraging guidance for the future.

"At the Montevideo conference in 1933 the American republics affirmed their belief in certain essential principles upon which cooperation between nations and international order must be based. Among them was the principle that every nation, large and small, was equal before the law of nations. Another was the right of every nation to develop its own institutions, free from intervention by others.

"We already see the beginning of a wider application of these basic principles. They were stated in the Atlantic Charter, the United Nations Declaration, and the declarations made at Moscow. Specifically, it was agreed at Moscow that membership in the world security organization must be upon the basis of the sovereign equality of all nations, weak as well as strong, and the right of every nation to a government of its own choice.

"The Americans spoke with a united voice at Buenos Aires as early as 1936 and Lima in 1938 of the dangers to world peace which impended and took united action to defend the hemisphere against them. When the attack came, many of the American republics immediately sprang to the defense of the hemisphere. Shortly after the conference at Rio de Janeiro others took the same course.

"This chapter in our American history will ever be a gallant and glorious one. It teaches that unity of purpose, a common and passionate devotion to the maintenance of freedom, and mutual trust and confidence are the essential elements without which no amount of international organization and machinery can succeed. But it also teaches us and other nations that international organization and machinery are necessary.

"Successful as our common action has been, it has not been complete. And it took time, which may not always be available. Therefore, we learn that an international organization, whether in the field of inter-American cooperation or in the broader field of world peace, must have the main supports. It must gather its greatest strength from the rightness and justness of the principles upon which it is founded and the mutual trust of its members. It must also have such an essential framework and machinery and such an acceptance of their obligations on the part of its members as will enable it to act promptly and effectively in times of crisis.

"Another guidepost for the future which our common experience before and during this war has raised is in the economic field. With the outbreak of the war the continent mobilized economically. The extent to which the products of the hemisphere have contributed to the growing success of the war against Germany and Japan cannot be overestimated. Millions of men and women throughout the hemisphere are devoting themselves unsparingly to the production of essential materials and to the forging of the weapons of our common victory. All this has been done under the great handicaps of the dislocations produced by the war.

"At the end of the war all of our countries will be faced by problems of immense gravity. Out of the experience of our association in peace and in war, we have learned that the expansion of material well-being can only come with an expansion of production and trade and hence an increase in consumption. We have learned, too, that no one nation can solve its problems by itself. An increase in production requires financing, a wise selection of the goods to be produced, and wise and fair commercial policies to enable goods to flow to their markets and necessary purchases to be made in return. All of this requires cooperative effort and the creation of international arrangements through which that effort may have concrete expression. But it requires something more than this. It requires the respect by each nation for each other nation of which I have spoken in the field of political relations.

"International cooperation in the economic field is the opposite of economic imperialism, by which one country seeks to exploit another. It is also the opposite of economic nationalism, by which each nation seeks to live unto itself.

"We citizens of this hemisphere have great opportunities before us. The community of action among the American nations, already highly developed, will at the end of the war be indispensable in the advancement of our economic well-being and in the establishment of an international organization to prevent the recurrence of world wars. Together, as I have said, we foresaw, pointed out and prepared against the dangers of war. Together we must foresee and prepare for the ever-greater common task of the peace. I believe that as in future years men of the Americas meet to commemorate this day they will see unfolded before their eyes ever-increasing evidence that the path along which inter-American cooperation has led is the path to human liberty and human welfare."

Liberia Adheres To Atlantic Charter

Liberia, Negro republic on the West African coast, on April 10 adhered formally to the principles of the Atlantic Charter and the declaration of the United Nations, according to Associated Press accounts from Washington April 10, which also said:

Consul General Walter F. Walker of New York City signed the declaration at the State Department at noon. Liberia is the 35th signer.

Critical Activities Approved By WMC To Determine Occupational Deferments

Paul V. McNutt, Chairman of the War Manpower Commission, made public on April 11 the list of critical activities and programs submitted to Maj. Gen. Lewis B. Hershey, Director of the Selective Service System, by the WMC Inter-Agency Committee on Occupational Deferments, to assist him in devising instructions to selective service boards on the handling of claims for deferment of registrants under 26.

At the same time, Mr. McNutt revealed that as Chairman of the War Manpower Commission he had recommended to General Hershey the inclusion of the production of coal in mines to be specified in certain States, medical, dental and osteopathic students without restriction, and certain preparatory students in these professional fields. The Committee, of which Mr. McNutt is ex-officio Chairman, had omitted these items, the one on coal by a close vote that reversed an earlier action.

"In my judgment, it would be a very serious error, from the viewpoint of the war effort as well as the public interest, to disregard the additional activities I am listing," Mr. McNutt wrote.

Mr. McNutt's letter to General Hershey is transmitting the Committee's, and his own recommendations follows:

"Enclosed is a copy of the list of critical activities and programs that have been approved by the War Manpower Commission Inter-Agency Committee on Occupational Deferment. The members of the Committee have been requested to submit at their next meeting, April 11, a list of plants, together with the estimated number of workers in each plant or activity on the approved list.

"Although not included in the Committee's recommendations, as Chairman of the War Manpower Commission, I am recommending to you, for your consideration, the inclusion of the production of coal in mines to be specified in the States of Pennsylvania, West Virginia, eastern Kentucky, Tennessee, Alabama, southern Wyoming Washington and western Virginia.

"I am also submitting to you for similar consideration medical, dental and osteopathic students in good standing in recognized schools without regard to the two-year restriction suggested by the Committee. In addition, I urge your consideration of pre-medical, pre-dental and pre-osteopathic students who are within 24 months of completion of their course of study not to exceed 50% of the total average number of students in the respective professional schools in the years 1938-1939 and 1939-1940.

"You are familiar with the reasons why I am asking these additional recommendations to those approved by the Committee. In my judgment, it would be a very serious error, from the viewpoint of the war effort as well as the public interest, to disregard the additional activities I am listing."

The list of critical activities and programs submitted by the WMC Inter-Agency Committee on Occupational Deferments follows:

1. Office of Rubber Director

Research, piloting and production of synthetic rubbers, butadiene and styrene

Production of essential raw materials in three Government-owned plants operated by Rubber Reserve Co. (at Memphis, Naugatuck and Philadelphia)

Manufacture of reclaim rubber

Manufacture of essential rubber goods permitted under Rubber Order R-1

Manufacture of rubber processing machinery

2. Army Service Forces

Rockets

Radar

Critical components for trucks, heavy and light-heavy (2½-ton and heavier), including truck trailers and Class I and II tractors

Research and development work specifically assigned by the technical services

3. Army Air Forces

Group I-IV Aircraft—only specified items.

4. Navy Department

Landing craft
Rockets
Submarine
Aircraft carriers
High-capacity ammunition
Radar
Aircraft in Group I-IV
Ships and aircraft maintenance including modification centers

5. War Production Board

Component parts of approved critical programs when such production is not under the direct supervision of the services or other claimant agencies

6. Maritime Commission

Combat-loaded transports

Combat-loaded cargo vessels and tankers

7. Petroleum Administration for War

Aviation gasoline program and synthetic rubber components

Technical services vital to aviation gasoline program and synthetic rubber components

Special technical services essential to production of crude petroleum

8. Office of Defense Transportation

Great Lakes and inland waterways—(a) Only captains and chief engineers; (b) other licensed officers for 1944 navigation season

Airlines—Flight personnel—ground personnel only outside the continental United States

(Railroads—Personnel engaged in railway and motor transport service directly related to the movement of war freight necessary to support the immediate war objectives the withdrawal of which would decrease the safety, speed and volume of movement so as to adversely affect such war objectives)

(a) Railway personnel engaged in assembly line, haul and break-up of railway freight trains

(b) Key personnel of those trucking companies whose equipment is more than 16,000 tons gross weight of vehicles.

(For hire—trucking—same as definition for railroads) see above

9. War Shipping Administration

Pharmacist mates

Off-shore shipping (active sea-going personnel and men in training for service in the Merchant Marine—no more men under 26 are being recruited for training)

10. Board of War Communications

International radiotelegraph, radiotelephone and cable carriers outside the continental United States

11. War Food Administration

Special technical services essential to wet corn milling

12. Coordinator of Fisheries

Operation of commercial fishing vessels of 20 gross tons or over—captains only

13. National Roster

(a) Students graduating before July 1, 1944, in specified scientific and specialized fields

(b) Students in good standing in recognized schools—medical, dental, veterinary and osteopathic (this is restricted to students graduating within 24 months after July 1, 1944)

(c) Office of Scientific Research and Development

AFL In Offering "Post-War Program" Urges "International Organization Of Peace"

Declaring that "the only safety from war is in the international organization of peace," the American Federation of Labor expresses it as its belief that "it is imperative that the United States do its full part to help develop a general system of mutual security." This view of the Federation is set out in its "Post-War Program" prepared by its Committee on Post-War Planning and approved by the Executive Committee of the AF of L.

The plan was made available in advance of the Conference under the auspices of the Federation scheduled for two days (April 12 and 13) at the Hotel Commodore, in New York, at which the proposals formed the basis of discussion. The plan sets out that "the program for the establishment of a lasting peace must provide for the continuing cooperation of the nations of freedom in the three great areas of their common interest, security, livelihood and justice. This cooperation," it is added, "does not involve the creation of a world government, but the acceptance of definite obligations to work together under agreed conditions and within the limits set by them. The basic principles are those of the Atlantic Charter and the other pronouncements of the United Nations, developed along the lines indicated in the first part of this statement."

As to "Security," the Federation's Plan has the following to say in part:

The program for the prevention of war has already been set forth in the Four-Nation Declaration signed by the Governments of the United States, the United Kingdom, the Soviet Union and China, i. e.:

"That their united action, pledged for the prosecution of the war against their respective enemies, will be continued for the organization and maintenance of peace and security."

"That they recognize the necessity of establishing at the earliest practicable date a general international organization, based on the principle of the sovereign equality of all peace-loving states, and open to membership by all such states, large and small, for the maintenance of international peace and security."

The substance of this declaration was incorporated into the (Connally) resolution of the United States Senate on post-war policy. Steps should now be taken to insure the speedy realization of these plans. These steps should include:

1. The calling of a United Nations Commission either to establish the "General International Organization," referred to in the Moscow Agreement, or to serve provisionally in that capacity.

2. The transformation of the wartime alliances of the United Nations into an organization for peace. The initial organization for policing will grow out of the military situation at the end of the war and will remain a primary responsibility of the Great Powers. It should be recognized, however, that this is a purely temporary necessity. The program for international security in the future will have to be worked out by the United Nations as a whole. For this purpose the General International Organization will need the advice of civilian as well as military experts. . . .

We believe that the United States has much at stake in the maintenance of these foundation principles, and the American Federation of Labor pledges its full support in any steps to supplant tendencies toward unilateralism with genuine co-operative action which will broaden and deepen the mutual relations already achieved by the United Nations.

The principal recommendations contained in the Federation Post-War Plan were summarized as follows in the New York "Times" of April 12.

'1. Transformation of the structure of the United Nations into an international organization for the preservation of peace, with the participation of all nations, large and small. Pending establishment of such an organization, the United Nations are to serve as an interim substitute.

2. The proposed international organization is to use whatever means may be necessary, including an international police force, to prevent the outbreak of wars in the future.

3. Amelioration of international trade barriers to facilitate a freer interchange of goods and services between all nations based upon rejection of isolationism, expansionism and imperialism.

4. Rejection of any attempts by any nation to apply unilateral solutions to territorial and other problems affecting world peace.

5. Establishment of international organizations to deal with problems of health and social welfare, the prevention of epidemics and traffic in drugs.

William Green, President, and George Meany, Secretary-Treasurer, of the Federation, issued on April 12, in booklet form, the Federation's post-war program, which we reprint in full herewith:

PART I

The Bases of Lasting International Peace

Guiding International Principles

I. *War is the Enemy.* The American Federation of Labor believes that war among the nations waged by the modern engines of death and destruction is the supreme enemy of the well being of the common people of the world. We recognize that our own movement of organized labor—a movement which is the product of the long struggle of workers for economic and social democracy — has no future of promise in a world living under the threat and burden of the war system. We consider that the elimination of war as an instrument of national policy is a condition essential to the perpetuation and the further development of our democratic way of life.

. II. *Lasting peace must rest on social justice and include all peoples.* We reaffirm this principle set forth by Samuel Gompers at the close of the First World War in the Constitution of the International Labor Organization. This principle has now to be incorporated in the peace settlement at the end of the Second World War. We are in full accord with the way in which it is elaborated in the Atlantic Charter and the Four Freedoms set forth in President Roosevelt's message to Congress, Jan. 6, 1941. We note with satisfaction the Declaration of President Roosevelt, Prime Minister Churchill and Marshal Stalin at Teheran, in which they stated: "We shall seek the cooperation and active participation of all nations, large and small, whose peoples in heart and in mind are dedicated, as are our own peoples, to the elimination of tyranny and slavery, oppression and intolerance. We will welcome them as they may choose to come into the world family of democratic nations." It is our belief that these principles must be translated into policies and acts, both now and in the future.

III. *The only safety from war is in the international organization of peace.* The industry of war has now been taken over by modern science even more completely than the industries of peace. It is no longer a local conflict but spreads its disturbance over the lives of everyone everywhere. Labor is especially aware of its destructive power, which drafts so many workers in the fighting forces and creates economic confusion at home. The conflicts of today have proved that we can no longer rely on our favored geographical position to maintain our national safety. Moreover, the vast majority of the workers of our country realize what it would mean to respond to this changed situation by engaging in that rivalry for power which is inherent in any effort to make ourselves secure through a program of national expansion and militarism. The outcome of such a policy is not security, peace, and a rising standard of living, but increasing suspicion, mounting military expenditures, imperialistic adventures and war. We believe, therefore, it is imperative that the United States do its full part to help develop a general system of mutual security.

IV. *Victory is not enough.* The total defeat of the Axis Powers is essential to clear the way for democratic international reconstruction; but to stop with that alone would not furnish us with any permanent guarantee of security. The United Nations must be ready and equipped to use whatever means are necessary to prevent the outbreak of war. This will surely require programs for policing and the use of armed forces, but we do not believe that the mere massing of force on the part of the United Nations will be sufficient to provide lasting security. In order to maintain international peace, political and military programs must be associated with a far-reaching economic program which will be designed, not to advantage certain nations at the expense of others, but to organize and utilize the new productive powers of industry and agriculture for the advancement of the standards of living of all peoples. World-wide economic health is essential to security. The American Federation of Labor is convinced that the acid test of the leadership of the United Nations will be whether they can organize the post-war world for this kind of economic and cultural progress.

V. *Prosperity can be achieved by a free people under a regime of social justice.* We have demonstrated during this war that a free economy can produce goods in unimagined abundance. In the years of peace a sustained high level of production and employment is also possible if there is assurance of economic justice within nations and between nations. To accomplish this, it will be necessary to get rid of that kind of exploitation which tends to concentrate income in the hands of the few and prevents the great mass of workers from having the purchasing power to buy the things they need for daily life. It also will be necessary to lessen the barriers between nations so that there may be a larger interchange of goods and services for all. The basic test of freedom is the welfare of the common man. We hold that under freedom society can be so organized that everyone will have an opportunity to earn his own livelihood.

VI. *Freedom of thought and expression must be safeguarded throughout the world.* This is the ultimate moral purpose, underlying all others, for which we are fighting the Second World War. Tyrannical governments which would crush out freedom of thought in their own lands endanger spiritual freedom everywhere. In the world community of today, we cannot be indifferent to cruelty and oppression because such indifference strengthens the arm of the oppressor. Mere verbal protests are not enough, and yet we must be careful not to interfere in the domestic affairs of other peoples which are properly their own concern. The growth of freedom throughout the world depends upon the growth of the public conscience without which laws and international agreements are of no avail. We hold that labor organized in free unions has a high place in the development of the conscience of mankind and that in this field its vigilant and active service for the public good will be fundamental for the safeguarding of human rights in the post-war world.

VII. *Long-range plans must be made now.* While the full realization of these principles will have to await the establishment of final peace, we recognize that piecemeal and experimental procedures will have to be followed in the construction of these new world economic and political institutions. During the transitional period, however, the direction in which reconstruction must move if it is to meet the needs and the aspirations of the common people of all lands should be nevertheless definite and clear. The world-wide depression of the previous decade, and the world-wide war which followed have proved once again that we are members one of another. Poverty, unemployment, and widespread economic insecurity are not endurable in the midst of potential plenty. To organize the economic life of the world so that these possibilities are made actual is the ultimate aim of organized labor. It will be satisfied with no lesser program for the years of peace.

They must not be left as mere objectives and principles, however. The urgency of the situation requires that all of the great functional groups of our society—labor, business, agriculture, and the professions—unite to discover the concrete means by which these aims can be attained. We believe that the primary emphasis should be placed, not on the creation of a new sovereignty, but rather on the development of definite ways of working together in the international field to accomplish these purposes.

PART II

International Program

The program for the establishment of a lasting peace must provide for the continuing cooperation of the nations of freedom in the three great areas of their common interest, security, livelihood, and justice. This cooperation does not involve the creation of a world government, but the acceptance of definite obligations to work together under agreed conditions and within the limits set by them. The basic principles are those of the Atlantic Charter and the other pronouncements of the United Nations, developed along the lines indicated in the first part of this statement.

1. *Security*

The program for the prevention of war has already been set forth in the Four-Nation Declaration signed by the governments of the United States, the United Kingdom, the Soviet Union, and China:

> That their united action, pledged for the prosecution of the war against their respective enemies, will be continued for the organization and maintenance of peace and security.
>
> That they recognize the necessity of establishing at the earliest practicable date a general international organization, based on the principle of the sovereign equality of all peace-loving States, and open to membership by all such States, large and small for the maintenance of international peace and security.
>
> That for the purpose of maintaining international peace and security pending the re-establishment of law and order and the inauguration of a system of general security, they will consult with one another and as occasion requires with other members of the United Nations with a view to joint action on behalf of the community of nations.

The substance of this declaration was incorporated into the (Connally) Resolution of the United States Senate on post-war policy. Steps should now be taken to insure the speedy realization of these plans. These steps should include:

1. The calling of a United Nations Commission either to establish the "General International Organization," referred to in the Moscow Agreement, or to serve provisionally in that capacity.

2. The transformation of the war-time alliances of the United Nations into an organization for peace. The initial organization for policing will grow out of the military situation at the end of the war and will remain a primary responsibility of the Great Powers. It should be recognized, however, that this is a purely temporary necessity. The program for international security in the future will have to be worked out by the United Nations as a whole. For this purpose the "General International Organization" will need the advice of civilian as well as military experts. The problem is one which will continually change with the progress of science. Therefore, this Commission of Experts should advise the United Nations concerning all the technical questions involved in armament and disarmament.

Unilateral action and regional understandings are only valid when in accord with the measures taken by the General International Organization and conform to the basic principles of the Atlantic Charter which bind the United Nations to "respect the right of all peoples to choose the form of government under which they live," and to make "no territorial changes that do not accord with the freely expressed wishes of the people concerned."

We believe that the United States has much at stake in the maintenance of these foundation principles, and the American Federation of Labor pledges its full support in any steps to supplant tendencies toward unilateralism with genuine cooperative action which will broaden and deepen the mutual relations already achieved by the United Nations.

2. *Livelihood*

The program for economic and social welfare, like that in the sphere of security falls naturally into two parts; the provision for relief and rehabilitation during the war and transitional period, and the provision for long-range plans and policies capable of development under the conditions of peace.

1. Emergency measures arising from the war. The United Nations Relief and Rehabilitation Administration (UNRRA) is deserving of universal support. It should have an adequate representation from Labor on its staff. The aim of relief should be to make it possible for the peoples who have suffered in the war to become self-supporting. We do not believe that either they or the United States would profit from continuing charity after the restoration of normal conditions.

2. Long-range planning. A certain number of international functional agencies will be necessary to insure the consistent development of sound economic policies in a world which will be increasingly responsive to the advances in technology due to scientific discovery and invention. The frontiers of the world of labor are those of economic as well as political geography, and the economic barriers to freedom of intercourse must not be permitted to block the pathway to prosperity. These problems by their very nature cannot be solved in any single set of laws or agreements because the conditions with which they deal are forever changing. It is, therefore, necessary to maintain and create the pertinent institutions for dealing with them.

(a) The International Labor Organization (ILO) has abundantly justified its existence. It should be enlarged and strengthened as an instrument for raising the standard of living of peoples in all countries and for safeguarding the rights of the working people.

(b) The Food and Agriculture Organization (FAO) which has now been planned receives the full support of Labor. There should be parallel organizations to deal with problems of health and social welfare, such as the promotion of child welfare, education, the preventiion of epidemics, traffic in drugs and traffic for immoral purposes.

(c) In the world of commerce and industry there should be agencies to deal with such problems as (1) the stabilization of foreign exchange, (2) communications and transport on land, sea and in the air, (3) the commercial policy including cartels, (4) fiscal policies and foreign investments, (5) access to natural resources and raw material, (6) to coordinate these activities there should be a United Nations Economic Organization with consultative and advisory functions.

In each case there should be provision for objective studies of the facts which should be made available to the general public.

3. *Justice*

The program for the re-establishment and development of justice in international relations in the post-war world has a sound foundation in international law, but must be strengthened and developed with the growth of the common interest in the substitution of pacific means of settlement for force and violence among nations.

(1) The Permanent Court of International Justice should be adopted as the supreme judicial tribunal of the international organization.

(2) The scope of arbitration should include the settlement of economic as well as political disputes.

(3) For the settlement of political disputes conciliation is a ready and approved method for which the permanent political structure of the United Nations should be used as well as special bodies for specific problems.

(4) For the safeguarding of human rights, there should be a permanent international institute to study and report to both international and national bodies on the problem of developing the principles and procedures of international justice with respect to groups or individuals.

PART III

Post-War America
Guiding Domestic Principles

1. *Our immediate responsibility is to win the war.* From the beginning, organized labor has recognized that the winning of this war is essential to the promotion of the interests of the common man in our own country and in the world. We have given unstinted support to the war effort, even voluntarily suspending the exercise of the hard-won right to strike. The result has been an achievement of production without precedent in the history of mankind. Such deeds demonstrate that the American Federation of Labor wants no peace of appeasement. We will continue to support the war effort until a complete victory is won.

2. *Our long-time responsibility is the well being of all men: Our distinctive function is to promote the well being of workers.* In serving this purpose the American Federation of Labor has been both an expression and an organ of American democracy. There has been, there is, and there can be no lasting conflict between a movement created by the working people and democratic purposes and processes. Throughout the history of our country, the working people have asserted and fought for recognition of the worth and dignity of Labor; for the rights of the worker in his job; for a living wage and a rising standard of living for all; for social security; for political freedom; for civil liberties; and for free public education. Confronted by the present period of profound social, economic, and political change, we reaffirm our historic commitment to these ends—to both democratic purposes and democratic means. We expect to be represented in both the domestic and international processes by which the post-war world will be organized.

3. *The well being of the worker depends upon his rights on the job.* The whole life of the worker is pervaded and molded by his job, by the physical conditions under which he works, by the length of his working day, by the adequacy of his pay, by the extend to which he is protected against arbitrary discharge, and by the nature of the strains under which he works. Only as he engages in an occupation recognized as useful by his fellows does the individual have an inner confidence that he is needed by and belongs to his community. The harmful spiritual consequences of enforced unemployment are no less real than its material deprivations. The essence of slavery—one of the most evil of all human degradations—is to be compelled to work at the dictation of another. The right to work and the right to quit work are among the most basic rights of free men. The free and independent mind, which is the moral foundation and source of our democratic way of life, decay and become corrupted in a society in which workers are insecure.

At long last and after more than a century of severe struggle, the right of the worker to unite with his fellows to protect and advance his interests has been made a part of the law of the land. This right has been given memorable expression in the National Labor Relations Act of 1937, which declares "employees shall have the right to self-organization, to form, join, or assist labor organizations, to bargain collectively through representatives of their own choosing, and to engage in concerted activities, for the purpose of collective bargaining or other mutual aid or protection."

The American Federation of Labor is determined to defend this right against any and all forces that may challenge it.

4. *Unemployment is the entrenched enemy.* The war has shown the vast productive potential of America, once our material and human resources are mobilized for common purposes. In the short space of three years, we have increased the total productive facilities of our nation by nearly one-half. During this same period we have also doubled the total national income. This remarkable record in production calls for a revision of all former estimates of what is possible and desirable. Future productive capacity can provide better homes, better food and clothing, more adequate medical care, finer communities, and richer educational and cultural opportunities for all. We believe that our country can maintain its internal unity and strength and take its necessary part in promoting world security and economic and cultural advance, only as it creates means by which this higher level of production and employment is sustained. In order to preserve and extend our standards of living, American democracy must enter upon this bold and creative task. The American Federation of Labor refuses to tolerate the defeatism which holds that under a democratic regime of freedom, it is not possible to make this abundance actually available to our people.

5. *The stability of our democracy will require the provision of productive jobs and services for the millions demobilized from hte armed forces and the war industries.* Demobilization allowances for returning soldiers, Federal interim placement benefits for all in the labor market, unemployment insurance and provisions for retraining are all necessary, but in and of themselves they do not touch the heart of the problem. In the last analysis the demobilized can have economic security only as they are employed in productive work. There is no substitute for a job. Close cooperation of private enterprise and government—Federal, State, and local—will be required to maintain production and employment during this difficult period of the shift from the war to the peace economy. The American Federation of Labor is eager to do its part to organize, and support a national rehabilitation, retraining, production and employment program adequate to meet the needs of all who have served on either the fighting or the home fronts.

6. *Free and independent organizations of the people are an indispensable means of checking concentration of economic and governmental power.* If the common people are to exercise effectual control over the conditions which determine their livelihood, two things are required. On the one hand, it is imperative that the trend toward private monopoly and the concentration of wealth be reversed. History has demonstrated that concentration of wealth and economic power in private, monopolistic hands undermines the very foundations of a free society.

In our interdependent industrial society, with its vast mass production enterprises, government regulation is necessay to care for the general public interest. It can, however, assume dangerous forms.

We contend that it is only as organizations of labor, farmers and other functional groups maintain their essential freedom that the danger of both industrial and political despotism can be averted. We therefore demand that in both industry and government more adequate means be provided whereby these functional groups can be directly represented in the formulation, administration, and the evaluation of over-all economic policies.

7. *The common good requires the cooperation of the great functional groups.* We recognize that organizations of business, of finance, of farmers, and of the various professions as well as of labor have their indispensable part to play in the development of our common modes of living. Each of these groups should press for the adequate recognition of its own peculiar interests. Fortunately, each of the major functional groups is beginning to understand that the impoverishment of other groups endangers its own security and prosperity.

The workers of the city and the workers of the country have deep mutual interests. The prosperity of the one ultimately requires the prosperity of the other. We believe that the welfare of the nation now requires more than ever the cooperation of farm and city workers.

Impoverished agricultural and industrial workers cannot provide an adequate and stable market for goods and services. All will suffer disaster, if the powerful organizations of finance, business, farmers, and labor seek merely to advance their own interests without regard for the consequences on the community as a whole. We believe that the cooperation of these functional groups in the development of a framework of controlling policies for the conservation of natural resources and the progressive organization of our productive powers is a primary need. The American Federation of Labor proposes to do its part to create means for joint consultation and cooperation.

8. *Free enterprise is an essential part of the democratic way of life.* As political freedom assures the individual basic civil rights which entail corresponding duties, so economic freedom assures economic rights which constitute tract and entail their corresponding duties. We believe wholeheartedly in free enterprise as an essential in personal freedom. The right to start a business and the right to choose a job for the basis of a free life. Free enterprise and free labor are interdependent. Neither can last without the other. Our free economy rests on community of interests and it maintains itself through cooperative action mindful of the interests of all concerned. Experience has demonstrated that when the rights of free unions are impaired, free enterprise is no longer secure. By free enterprise we mean a progressive economy which provides incentives and opportunities for individuals and groups to take thè initiative and to assume the risks involved in launching new forms of productive activity. Thus organized labor means by free enterprise bold initiative for the increase of the range and efficiency of production, not the disregard of the needs and rights of others.

We want a regime of economic freedom, but our enterprise system must demonstrate that it can function so as to husband and utilize, not to waste and dissipate our natural resources. We want free enterprise, but our productive system must be committed to the progressive raising of the national income and the maintenance of full employment. Such a system is necessarily opposed to all tendencies toward monopolistic restriction. We want free enterprise, but we also want an economy which will provide ample support for the health, educational, recreational and similar public services so essential to the welfare of the working people in our industrial society. Finally, we want a program of economic enterprise which will not be repressive, but will support the free exercise of civil and political liberties.

9. *Equality of opportunity is an authentic goal of American democracy.* Unfortunately this ideal of equality is now denied in many of our established policies and practices. It is denied wherever children or adults do not enjoy equality of educational opportunity. It is denied wherever individuals are deprived of their civil and political rights guaranteed by the Constitution. It is denied wherever workers, because of race, religion or sex, do not have an equal chance to get jobs, and to be promoted in their jobs. The American Federation of Labor is opposed to any and all of these forms of discrimination—whether in the sphere of politics, of education, or of work. We believe that the dignity and worth of each worker should be respected, and that our movement will be handicapped in its effort to promote higher levels of production and employment so long as any of these discriminations are permitted to exist.

10. *The preservation of our democracy demands vigorous support of the civil liberties and public education.* We live in a revolutionary age. America is in the process of making far-reaching adjustments in both her domestic institutions and her foreign relations. We believe that these changes in economy, government, and foreign affairs can and must be made by and for the people. This can be done intelligently and peacefully only as we keep open the avenues of education, association and organization, discussion, investigation, publication, and communication. In our fateful period, public enlightenment and free discussion define a social necessity, not a luxury. Those who would curb these basic democratic rights to protect narrow class privileges, and those who would abuse them in the slavish service of foreign governments and alien party lines strike at the very foundation of our freedom. The American Federation of Labor believing as it does in democracy as both means and end will continue to fight for these rights, and to expose and oppose all who would abridge or impair them for any reason whatsoever.

PART IV

Immediate Domestic Program

What we do now determines our post-war adjustment. We maintain that there must be close coordination of war mobilization and reconversion programs. Policies controlling both the letting of contracts and cut-backs vitally affect our peace-time economy and the potentiality of many industries. The issue has already been raised: Shall we have pools of unemployed or shall civilian industries begin resumption of production? Demobilization guided by Labor's dominant purpose can lead us directly into production at high levels or it can provide privileged security for some in an economy of scarcity. We demand that the United States choose production at high levels.

War Mobilization and Reconstruction

1. The American Federation of Labor proposes that Congress authorize the establishment of an Office of War Mobilization and Adjustment with an Economic Commission composed of representatives of the basic economic functional organizations of workers, employers and farmers. Its Chairman shall be chosen from the general public. This Economic Commission shall make the policies to guide war mobilization, reconversion and reconstruction and reemployment. Representatives on the Commission shall be appointed by the President from panels submitted by the respective organizations of labor, farmers and business and approved by the Senate.

2. This office shall coordinate plans for production and reemployment and time demobilization of armies with work opportunities.

3. This office in order to facilitate employment after the war, shall be prepared to promote the effective and early resumption of private business by

a. negotiation of contract cancellation.

b. prompt settlement of claims.

c. removal of government property from plants.

d. disposition of government surplus property.

There must be over-all policies to assure free enterprise to small as well as big business to lead into maximum levels of production with high levels of employment at pay which makes possible steadily rising standards of living, and to promote competitive business to safeguard our home markets.

4. The machinery for demobilization and reconversion should, wherever possible, be existing agencies operating under guiding policies and in accord with the coordinated programs of the office and reporting to it.

5. The Office of War Mobilization shall make quarterly reports to a joint Congressional Committee.

6. The Chairman with the representative policy commission shall provide for effective mobilization of manpower, training and retraining, placement of workers and demobilized servicemen and women, and the reintegration of enlisted persons into the civilian work force.

7. Price control and rationing shall be continued until scarcities disappear.

Veterans

For those in the armed services the American Federation of Labor proposes:

1. Demobilization pay to provide opportunity before adjustment to civilian life.

2. Hospitalization, medical care and rehabilitation for the injured.

3. Effective right to complete education and training interrupted by war service or to retraining.

(Continued on page 1644)

Senator Thomas Of Oklahoma Proposes Bill To Keep U. S. Obligations Valued At Or Above Par

(Continued from first page)

than to face perhaps worse things later.

"The fact of the matter is that fiscal and financial realities have not been faced for quite some time, if ever, by the present Administration. Artificially low interest rates and bolstered bond prices should not have been adopted as a policy in the first place, and they should have been abandoned long ago. Monetary and fiscal authorities again and again have warned against the pursuit of these policies; they saw clearly enough that days like those now approaching would probably bring a reckoning. The Thomas bill is Exhibit No. 1, indicating that some one in Government circles realizes that the realties of life may soon overtake the policies of fiscal unrealities which have been and are being pursued by the present Administration.

"An important question now is this: Why not face the issue today rather than later? Sound policy involves the refunding of longtime Government bonds at higher rates of interest when and if the market rates of interest rise; and they probably would have risen long ago, and properly so, had it not been for a variety of Government policies which have kept the flow of people's savings into private enterprises at an extremely low level. Real, objective values, are the only true values in this world, and Congress and the Administration, especially Congress, should understand and face that fact. If Congress does not, the American people will pay, as they have been doing in subtle and obscure ways, a tremendous price for the Government's failure on this score.

"Another question of importance now is this: Has the Administration already run the American people so far beyond the danger signals that there is not now time to back up and get on the right track? Is it not possible that we may reach a stage, if indeed we have not already done so, at which all that can be done is to pile cushions in front of us and wait for the final impact, trusting that it will not be too disastrous?

"There appears to be room for reasonable men to disagree on this point. But the fact seems clear that, if the Thomas bill is passed, our Government will have taken the position that we have gone so far toward financial disaster that all we dare do now is to cushion it.

"**2. How far away is the end of the run?** The Thomas bill brings into sharp focus the question of just how much in Government securities the banks can absorb before the reserves of the Federal Reserve banks reach the legal minima of 40% gold certificates against Federal Reserve notes and 35% in gold certificates or other lawful money against their deposits. Since the excess reserves of member banks of the Federal Reserve System were down to approximately $900,000,000 on March 22, it is clear that the commercial banks of this country cannot absorb many more Government securities without the member banks borrowing from the Reserve banks, unless the Reserve authorities lower the reserve requirements of these banks and thereby impair their liquidity still further. In the main, therefore, the question is, how much more in Government securities can the Reserve banks absorb?

"If we use the March 22 statement of condition of the Reserve banks, at which time the ratio of reserves against notes and deposits stood at 61.3%, and if we assume that these banks can keep their total reserves of $19,766,447,000, and that the proportions between notes and deposits will continue the same (46% deposits and 54% notes), then these banks can absorb an additional $12,677,002,005 of bonds before the minima reserve ratios of 40 and 35% are reached. On March 22, the Reserve banks held $12,242,749,000 of such securities. Thus the total that could be held would be $24,919,751,000. The volume of Federal Reserve notes in circulation which, at that date, amounted to $17,429,372,000, could increase by $10,283,061,712 to a total of $27,712,433,712. The volume of the Reserve Bank deposits which, on March 22, stood at $14,793,187,000, could increase by $10,011,023,043 to a total of $24,804,210,043.

"How long it will require to pump $12,677,002,005 additional Government securities into the Reserve banks no one can predict with accuracy. One year ago the Reserve banks held $5,950,462,000 of such securities. A year later, on March 22, 1944, they held an additional $6,292,287,000, a total of $12,242,749,000.

"From here on, the rate of purchase by the Reserve banks may increase. Of course, the pressure in this direction can be reduced if the Board of Governors of the Federal Reserve System should lower the reserve requirements of member banks, thereby further impairing the liquidity of these banks—a measure that we can expect the Reserve authorities to take.

"The pressures in the other direction—that is, toward a more rapid purchase of Government securities by the Reserve banks—are several: There is the tendency of the reserves of the Federal Reserve banks to fall, despite the fact that the Reserve and Treasury authorities have, since Dec. 12, 1942, pumped approximately $616,000,000 of fiat Federal Reserve Bank notes (National currency) into the reserves of the Federal Reserve banks. For the year ending March 22, 1944, the reserves of the Federal Reserve banks have declined $1,066,000,000 while their holdings of Government securities have increased $6,292,287,000, their deposits have gone up $518,145,000, and the volume of Federal Reserve notes in circulation has expanded $4,821,686,000.

"Also important on this side of the picture is the decline in gold holdings by the Reserve banks and Treasury during the last year or so. Since Jan. 6, 1943, the claims to Treasury gold, held by the Reserve banks, have declined from $20,511,278,000 to $19,151,325,000, as of March 22, 1944—a decline of $1,359,953,000. During the same period the Treasury's gold stock declined from $22,683,000,000 to $21,600,000,000—a decline of $1,083,000,000. On Jan. 30, 1943, gold earmarked for foreign account was $2,749,900,000. On Jan. 31, 1944, gold held under earmark at the Reserve banks for foreign account was $3,505,000,000—an increase of $755,100,000.

"Further, foreign deposits in Federal Reserve banks and weekly reporting member banks were $1,523,531,000 on Feb. 24, 1943. By Feb. 23, 1944, they were $2.411,761,000 — an increase of $888,230,000.

"Still further, there are the questions of the obligations, if any, being created abroad by the Treasury through the use of Allied military currency; the activities of UNNRA and other agencies which will cause funds to be withdrawn from this country; the secret shipments of gold and silver to foreign countries, and so on.

"A simple and reasonably good way to get at the possibilities and probabilities in this picture was pointed out in 'Monetary Notes' for Feb. 29 and will be repeated here: If the combined reserve ratio in the Federal Reserve banks declines in the 16 months, following Feb. 23, 1944, at the same rate that it declined during the 16 months preceding that date, it will be down, by June, 1945, to the 42% of May, 1920, which was the cracking point for the System, since at that level in 1920 8 of the 12 Reserve banks were paying tax penalties for deficiencies in reserves, and the rediscount rate was 6%, and a month later 7%.

"If the commercial and Federal Reserve banks become choked with Government securities to anything like the possible extent indicated, how are they going to finance reconversion and peacetime production in the United States, to say nothing of sending large sums of capital abroad?

"The limits to money and credit expansion, pointed out here, are limits from which the Thomas Bill S. 1769 cannot save this country. They are the limits toward which the present Government is heading the American people at express speed. Safety lies in cutting down this speed. Plans for spending and spending and spending must be brought to a halt. Every nonessential expenditure must be ended; and the word 'essential' must be made into an honest one. It must involve severe denials. Waste must be stopped."

Says World Morality Needed To Ensure Lasting Peace

(Continued from first page)

terial together in the beginning instead of spending a **lot** of time now in the middle of his work finding the right materials to complete the job. And it's a safe guess that a house planned for in advance with all the tools and materials in readiness will, when finished, look better, last longer, and serve its purpose better than a house that had to be patched up in the middle of its construction.

To quote A. M. Sullivan,* "There is by God's swift reckoning, a universe in everything." And I think that this example of the house contains in its small circumference all the problems, the truths and the solutions that exist in the larger international world in regard to achieving and maintaining world peace. We **can't** build world peace without the "materials" of disinterested justice, complete forgiveness, willingness to compromise, love of neighbor, and adherence to the moral law of God. They are the bricks that we **must** have to build our temple of peace. It is foolishness to say that we can build it without them. That these unselfish qualities exist in the world in only very small quantities even the most dewy-eyed optimists will admit. The optimists expect us to build our temple without these materials. When you build something out of nothing the result is an illusion and that's what our last "peace" was, an illusion. It never really existed; it was just a truce.

But the optimists are afraid to face this fact. They want to give the impression of progress and activity even if the efforts are in vain and will come to naught. They aren't getting anywhere; they might just as well be doing nothing, but that frightens them. There's a skeleton in the closet but they don't want to pull it out and see it. They'll just make believe it isn't there.

It would be more honest to say that you can't build a three-story house with only enough bricks for two stories, but why be morbid; why be a nasty defeatist? We'll never be able to complete the structure but at least we'll have something to show these people who want to know what is being done about world peace. We'll only have two floors (no roof, of course, not enough material) and we'll never be able to use it, but don't you see, we're doing something; we must be making progress. This is one of the most fatal policies one could possibly follow—it's known popularly as "kidding yourself."

We're thinking in a vacuum; we're working in a vacuum; we're making a temple out of moonbeams, but shhh! don't tell anybody. We're starting with nothing and ending with nothing, which seems to following logically enough but doesn't accomplish anything. It reminds me of an incident which occurred not long ago. A practical joker took a large empty box; wrapped it in colorful paper; tied it with a fancy ribbon and gave it to his friend for a birthday present. Upon seeing the expression on his friend's face when he found the box was empty he explained semi-seriously, "Shortages, you know. Can't get anything these days." The friend replied, "Yes, I know, but did you have to put it in a box?"

That's what we're doing, putting nothing in a box, wrapping it in sky-blue paper with the word "Peace" imprinted all over it, tying it with a large white ribbon and, with much ceremony, handing it to John Q. Public, saying in a hearty voice, "Here, John, I have a little box of peace for you. Thought you might like to have it." By the time John removes all the paper and ribbon that it has been buried in (say, 10 to 15 years later) he'll find that the box is empty. But, by that time, we'll be having another war (they're making them bigger and faster these days) and so he won't have much time to think about it. And at the end of that one he'll most likely get another "present." One thing you can say for this method is that at least it's consistent. "We did it before and we can do it again."

And, oh, do the optimists get annoyed at John's brother who, looking through the wrappings, sees that the box is empty and tells John so—the gloomy pessimist who says all this noise and activity isn't creating a just and lasting peace!

Well, I nominate this "pessimist," the author of "Why A League Of Nations Will Not Ensure Permanent Peace," as the bravest, sincerest person in the world today. Sincere, because he sees through the vague promises and rosy ideals being set forth today, and says so, and brave, because he isn't afraid to drag the skeleton out of the closet and give it a good shaking. And if we had a few million more sincere, brave people we'd really have the makings of a just and lasting peace.

Prime Minister Churchill says. "I am not here to preside over the liquidation of the British Empire"; Russia makes no pretense of being anything but all out for Russia, first, last, and always, and let the smaller nations beware; the United States has no territorial aspirations but it still does not seem able to make its wishes and ideals carry much weight with the power countries in Europe who have their own "interests."

These are the facts; these are things as they **are**. This is actually what we have to work with. Are proponents of a league of nations saying that we are going to build a just and lasting peace out of these materials? It's the same old dog-eared super-nationalism, imperialism, balance-of-power politics of the last war. Are we just to re-shuffle the bricks and build another peace temple and say, "Now this time it's going to stand and don't you dare say it won't." Well, it **won't** work.

It won't work until we throw away the old bricks and make new ones out of Christian charity, obedience to God's moral law, love and respect for our neighbor, an ardent desire to work for the good of the **small** nations as well as the large ones, a tough and unflinching policy toward all "smart alecks" in the international world who try to get ahead by walking all over the other nations and a courageous, proud support of the principle that "it's just as wise to be good as it is good to be wise."

If we want a lasting peace we ought to make it our business to see that the men at the peace table are men who really and truly **believe** in these principles above everything else. Otherwise, we're wasting our time. But, from past experiences, who may we expect to see at the peace conference? Prominent economists, international politicians, military leaders, lawyers, and a few misguided statemen. They each have their own narrow field. Where are the men who will uphold these principles; who will look out for the interests of **all** men? They weren't there the last time; they haven't been mentioned by any prominent person so far, so it looks like they won't be there this time either. We want to build but we won't allow the builders to be present. I am speaking of such great, universal men as His Holiness Pope Pius XII whose Christian benevolence, kindness and charity toward all men of good will is known to all the world, and also the great men of the Protestant and Jewish faiths whose goodness and warm-heartedness the world can well use. These are the men who have an ardent interest in the welfare of all men and all nations.

It's popular to consider religion and goodness "sissified" today. Men say, "Oh, religion," like little children say, "Ugh, medicine." Ah, well, someday we'll learn.

But until we do learn, we shouldn't be wasting our time building castles in the air, or temples of peace as it happens to be in this case. It's beginning to get monotonous.

ELEANOR MARIE BLATT.
New York, April 19, 1944.

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*President of the Poetry Society of New York.

Mar. Cotton Consumption

The Census Bureau at Washington on April 14 issued its report showing cotton consumed in the United States, cotton on hand, and active cotton spindles for the month of March.

In the month of March, 1944, cotton consumed amounted to 902,102 bales of lint and 115,502 bales of linters as compared with 811,274 of lint and 106,846 of linters during February this year, and 997,422 of lint and 109,172 of linters during March last year.

In the eight months ending with March 31, cotton consumption was 6,804,272 bales of lint and 875,216 of linters, compared with 7,500,302 of lint and 893,665 of linters in the corresponding period a year ago.

There were 2,290,201 bales of lint and 475,036 bales of linters on hand in consuming establishments on March 31, 1944, which compares with 2,551,174 bales of lint and 459,485 bales of linters on Feb. 29, 1944, and with 2,489,176 bales of lint and 475,036 bales of linters on March 31, 1943.

On hand in public storage and at compresses on March 31, 1944, there were 10,887,457 bales of lint and 81,347 bales of linters which compares with 11,518,942 bales of lint and 96,277 bales of linters on Feb. 29, and 11,463,831 bales of lint and 99,233 bales of linters on March 31, 1943.

There were 22,568,308 cotton spindles active during March, 1944, which compares with 22,513,390 active cotton spindles during February, 1944; and with 22,924,634 active cotton spindles during March, 1943.

Bricker Looks For Unprecedented Prosperity After War—Urges Caution On Reconversion

In indicating that he did not think a business slump was inevitable after the war, Gov. John W. Bricker, of Ohio, seeking the Republican Presidential nomination, in addressing the Rotary Club at Seattle on April 12, added that, "I believe that we may well see in America such prosperity after the war as the world has not yet known." Associated Press advices from Seattle, from which we quote, further reported Gov. Bricker's remarks as follows:

"Contributing to this will be the unprecedented purchasing power, which is being built up through the accumulation of war bonds and the record savings bank deposits, together with the tremendous pent-up demand for goods."

Reconversion of the country's industrial establishment from the production of war to peace goods, the Governor said, would present many problems and the Government's policy would determine whether the period would be short or long.

Earlier, at a press conference, Mr. Bricker reaffirmed his statements that the United States should retain airfields and outposts won during the present war as a measure of defense. He said the diplomatic service must be built up so that the people would know events affecting this country and then "such things as Pearl Harbor cannot happen again."

"I believe freedom of news around the world will contribute greatly to world peace," he added.

On April 10 at Spokane, Wash., Gov. Bricker in criticizing the radio address of Secretary of State Hull on the country's foreign policy (which was given in these columns April 13 page 1529) stated that Mr. Hull had left many questions unanswered in his talk, the Governor adding at the same time that the public "is fed up with the New Deal's backroom diplomacy." From Associated Press accounts from Spokane, we quote the following:

Governor Bricker, campaigning for the Republican Presidential nomination, declared in the statement that he did not "share Mr. Hull's apprehension over the effects of open discussion of our war aims and foreign policy."

"That's been the trouble so far," the Governor stated. "The people have been kept in the dark and a feeling of uneasiness about our war aims and foreign policy is evident throughout the country.

"We are told that there have been no secret agreements or commitments, political or otherwise. What then went on at Cairo, at Casablanca, at Teheran and Quebec? * * * Why were reporters kept away from the Hot Springs International Food Conference by armed guards?

"What about the disposition of our military installations, airfields and radio stations after the war? Are we going to keep them for our defense or give them away? * * * These and other questions remain unanswered."

Governor Bricker itemized in a speech to the Spokane County Republican Convention the following benefits he said a Republican Administration would have on the various groups:

Business—A reduction in taxes, and the Government would give industry the "incentive to produce to the limit."

The Farmer—"He knows he will not be told what to sow or what price he will get."

Labor—"He knows his right to organize will not be violated."

Soldiers—"They know they will have a voice and a vote in their destiny."

The Nations of the World—"It will assure them that whatever America promises, she keeps; that what America promises must meet with the approval of the people."

In still another address, the view was expressed by Gov. Bricker that reconversion of industry to peacetime goods production should wait "until the last Jap is crushed into the ground." His viewpoints with regard thereto were dealt with in an address at a Republican dinner at Portland, Ore. on April 13, at which time, according to the Associated Press, he said:

"The theory that once the Nazis are beaten we can fight the Japs on a part-time basis is fallacious and dangerous," he stated in a speech prepared for delivery at the dinner. "The Jap is a cunning treacherous and powerful enemy. He has captured vast areas rich in natural resources and has had more than two years to exploit these gains.

"It has been suggested that as soon as the Germans are beaten the East Coast can convert its war plants to the production of peace-time goods, leaving the West Coast to finish off the Japs. I say that is wishful and dangerous thinking which will prolong the Japanese war. The defeat of the Japs is the responsibility of 130,000,000 Americans and we ought to have the full support of our Allies as well."

The American industrial machine is an integrated unit, and it is impossible, for example, to turn off production in the east, as if it were a water spigot, he continued.

"It may be," he added, "that we are producing too much of one thing or another that we can't possibly use in the military prosecution of the war. The factories should be converted first to something else needed for the war, or if that is not possible, then to the production of essential civilian goods.

"We cannot relax our efforts one iota so long as a single enemy soldier offers armed resistance. Our job in this country won't be finished until we've crushed the last Jap into the ground and victory is ours."

Earlier Mr. Bricker, the Associated Press said, emphasized that he would not be willing to accept Vice Presidential nomination at the Chicago convention in June. "I am not interested in anything but the Presidential nomination," he told the interviewers.

Peterson Named To ABA Consumer Credit Group

R. A. Peterson, Vice-President of the Bank of America N. T. & S. A., San Francisco, has been named to membership on the Committee on Consumer Credit of the American Bankers Association, it is announced by A. L. M. Wiggins, President of the Association. Mr. Peterson has long been identified with the consumer credit business. He began his career in 1925 with the Retail Credit Company in San Francisco. Later he became Assistant Manager of the Commercial Credit Co. of Baltimore at San Francisco. Subsequently, he was named Vice-President and General Manager of Kemsley-Millbourne, Ltd., foreign subsidiary of the Commercial Credit Co., in Mexico City. From there he went to Chicago as regional manager of the Commercial Credit Co., and later he became division operations manager for the western division of that company.

Mr. Peterson joined the Bank of America on June 1, 1936, as district manager of instalment credit loan activities with headquarters in Fresno. Since June 1, 1941, he has been Vice-President in charge of all instalment credit loan activities of the bank with headquarters in San Francisco.

The War Behind The War

(Continued from first page)

Sunday talk, our Secretary of State resorts largely to pious hopes and ideals with which no one will quarrel. But foreign policy is a specific thing—a line of action for specific purposes at a given time. The main theme which runs through the Hull-Roosevelt foreign policy is a distrust of peoples.

What we really have are pieces of foreign policy—handled at an elderly, pedestrian pace.

Here's why . . .

Our Secretary of State is not even a young old man. He has never stepped out of the nineteenth century which made him. A low tariff world remains his secret solvent of international difficulties—compounded with forthright legal righteousness.

This "before-the-war" mind—and I wont say which war— is compounded by his advisors. He is surrounded in the State Department by a lot of old young men, even as Washington goes. They are predominantly opposed to changing things; to bureaucrats, change upsets routine relationships. They have a static world outlook and our war-time world makes it unreal.

Mr. Hull's chief concern comes out if we apply a little psychoanalysis to his public views. The key to the whole thing is fear of "disorder" and "chaos". But for any war-time diplomacy, disorder and chaos is just where we have to start from to have an effectual foreign policy. That's the very consequence of World War 2. The war itself; political relationships, old ones wrenched out of recognition and new ones springing from the conflict itself; economic interests under war-time dictatorship—these all are compounders of chaos. The State Department has been reluctant to recognize these changes in the map of diplomatic strategy. The State Department has dodged its war-time duty—to use the war itself to advance America's world aims. Unless we utilize the disorder and chaos of the war for good ends, our enemies will use them to further bad ends.

It is obvious to me, as an observer at close hand of American diplomacy for a quarter of a century, that we must have a national foreign policy. There is no national policy in anything that President Roosevelt has done. Secretary of State Hull has only begun to reach the problem with his proposal for bi-partisan Congressional cooperation. These Congressional committees are not enough. We must go much further—we must set up a really effective national advisory council to be wholly representative of American interests. The proposal to take the politics of a presidential election out of our foreign policy by identical platform declarations should be followed out. It is close to treason for either Democrats or Republicans—the ins or the outs—to play politics with our American foreign policies. Our diplomacy must be reasonably satisfactory to both our major parties.

This is the only way to take American foreign policy out of presidential politics. We must get a non-partisan, well thought-out national policy and must have a truly national acceptance; otherwise American efforts to shape world events will go by default.

We haven't much time to work out this American strategy for peace. Right now the Germans are fighting a rear guard action in World War 2; they're already preparing their position for World War 3. The Nazis count upon divided councils here in America, upon a partisan foreign policy dominated by President Roosevelt, to repeat the tragic failure of the democracies in the First World War. It is up to Americans to demand that our foreign policy be brought out into the open; that we formulate our diplomacy on a national non-partisan basis; and that we do this with a world perspective that assures the United States an effective role in making and maintaining the peace.

SEC Amendment Provides Reports Of Holdings Of Insiders Public When Filed With Exchanges

The Securities and Exchange Commission announced on March 28 an amendment to Rule X-24B-3 under the Securities Exchange Act of 1934 and the repeal of Rule X-24B-4. The Commission's announcement said:

"Rule X-24B-4 required each national securities exchange after the receipt of a summary, prepared by the Commission, of reports filed under Section 16, to make available to the public a copy of such summary and the reports filed with the exchange which are included in such summary. By repealing Rule X-24B-4 and amending Rule X-24B-3 it is made plain that the original reports filed with the exchange are public when filed.

"Rule X-24B-3 as amended requires exchanges to make public reports filed under Section 16 in the same manner as they make public reports filed with them under Sections 12 and 13 of the Securities Exchange Act of 1934. The Commission will continue to prepare official summaries of reports filed with it under Section 16 and will make such summaries public as soon as possible after the tenth day of each month. Copies thereof will be furnished by the Commission without charge to each national securities exchange. It is anticipated that such exchanges will, after receipt thereof, make and keep them available to the public."

The text of the Commission's action follows:

The Securities and Exchange Commission, deeming it necessary for the exercise of the functions vested in it and necessary and appropriate in the public interest and for the protection of investors so to do, pursuant to the authority conferred upon it by the Securities Exchange Act of 1934, particularly Sections 16 (a), 23 (a) and 24 (b) thereof, hereby (1) repeals Rule X-24B-4 and (2) amends paragraph (a) of Rule X-24B-3 to read as follows:

"Rule X-24B-3. Documents Filed by Issuers and Others Under Sections 12, 13 and 16.

"(a) Except as otherwise provided in this rule, each exchange shall keep available to the public, under reasonable regulations as to the manner of inspection, during reasonable office hours, all information regarding a security registered on such exchange which is filed with it pursuant to Sections 12, 13, or 16, or any rules or regulations thereunder. This requirement shall not apply to any information to the disclosure of which objection has been filed pursuant to Rule X-24B-2, which objection shall not have been overruled by the Commission pursuant to Section 24 (b). The making of such information available pursuant to this rule shall not be deemed a representation by any exchange as to the accuracy, completeness, or genuineness thereof."

Following the Commission's action as above, it was stated in the New York "Times" of March 30 that effective on that day, reports of changes in insiders' holdings of equity securities will be available at the New York Stock Exchange upon receipt. No longer will the public be required to wait a month after the close of the month in which the trades are made to permit the Securities and Exchange Commission to collate the individual reports and publish them in its official summary, said the "Times," which also had the following to say:

"Under the new rule, made possible by SEC amendments to Rule X-24B-3 implementing the Securities Exchange Act of 1934, many reports are expected to be available a day or so after the trades involved are made. The rule always has required that the insider—a director, officer or 10% shareholder of a corporation—report within 10 days after the close of the month in which the trade took place, but in practice many men have sent the notification to the Exchange while it was still fresh in mind. The old system required a delay in public notification ranging from a minimum of a month to two months or a little more. For example, October trades were made available to the public on Dec. 3. February trades will be in the papers of March 31.

"The new system will reduce that range from a couple of days to a month plus ten days, so that the information about changes in insiders' holdings may possibly be of some use to investors in the market.

"When insiders' reports were required originally, there was doubt that exchanges had the right to make them public before the appearance of the SEC tabulations. The law was not specific, the SEC appeared to want the information to come to the public with a Washington dateline, and no issue was made of it. Although the Commission has been able gradually to cut down the time required to prepare its monthly tabulation, it has been faced with more and more criticism for delay. Again, it realizes that the sheer bulk of the monthly official summary—the coming one has 57 pages—forces the newspapers to report only the largest deals, so that official red tape has been defeating the purpose for which the law was drawn, that is, complete publicity. The new system will permit the papers to report the most important deals of each day, in theory, so that more details of insiders' trading will reach the public.

"While these reports are a matter of public record and available for public inspection immediately upon their filing, both at the exchanges and at the Commission," the SEC said yesterday, "the official summary appears to be the most practicable means of making the information available to the public." Accordingly the SEC is cutting down the period of advance release to the press."

To Redeem 4% Issue Of Farm Loan Bonds

The call for redemption on May 15, 1944, of an issue of outstanding consolidated Federal farm loan bonds was announced on April 17 on behalf of the 12 Federal Land Banks by W. E. Rhea, Land Bank Commissioner. This is a 4% issue dated May 15, 1934, due May 15, 1964, which is redeemable on and after May 15, 1944. Approximately $199,130,100 of bonds of this issue are now outstanding, the entire amount being held by the Federal Farm Mortgage Corporation. Land Bank Commissioner Rhea stated also that the 12 Federal Land Banks are arranging for the redemption as of their first callable dates of two issues of outstanding consolidated Federal Farm Loan 4% Bonds which are publicly held, one issue being dated July 1, 1934, due July 1, 1946, and redeemable on and after July 1, 1944, and the other issue being dated July 15, 1934, due July 15, 1964, and redeemable on and after July 15, 1944. It was announced that all three of these issues of consolidated Federal Farm Loan Bonds will be redeemed in cash without an exchange offering of securities.

Wiggins, Head Of ABA, Urges Changes In Bill To Consolidate Social Credit Agencies

Several important changes in the Cooley Bill, H. R. 4384, designed to consolidate the various social credit agencies of the Federal Government in the field of agriculture, were urged upon the Committee on Agriculture of the House of Representatives at Washington on March 31 by A. L. M. Wiggins, President of the American Bankers Association, in testifying on the bill.

Hearings on the measure were begun on March 29 and were adjourned March 31 until April 19 when representatives of the American Farm Bureau Federation, the National Council of Farmer Cooperatives, and the National Grange will testify. The advices from the ABA point out that the bill would abolish the Farm Security Administration, the Feed and Seed Loan Division of the Farm Credit Administration, the Regional Agricultural Credit Corporation, and transfer their functions to the Farmers' Home Corporation. It would repeal Title II of the Bankhead-Jones Act providing for rehabilitation loans and amend sections I and IV of that Act. Out of the current funds and assets of the abolished agencies, says the announcement, it would set up two revolving funds estimated at approximately $800,000,000 into which the proceeds of all collections on such assets and on new loans would be paid. Further indicating the aims of the legislation, the ABA stated:

"The purpose of one of these revolving funds would be that of making short-term farm production and subsistence loans. All RACC, Feed and Seed, and FSA Rehabilitation loans would be placed in it. The other revolving fund would be for the purpose of making farm tenant purchase loans. The FSA farm tenant purchase loans would be placed in it. The operating and administrative costs of the Farmers' Home Corporation would be paid out of these revolving funds.

"The Farmers' Home Corporation would be authorized to make loans for the 'purchase of livestock, farm equipment and supplies,' for 'other farm needs,' for 'refinancing of indebtedness,' and for 'family subsistence.'

"The corporation would not be permitted to make an original loan in excess of $2,500 and a ceiling of $3,500 would be placed on the total indebtedness of any one borrower to it. The corporation would not be permitted to make more than $125,000,000 of loans in any one year.

"The interest charge on rehabilitation loans by the corporation would be 5%. The maturity of the loans would be limited to five years.

"Management of the corporation would be vested in a board of directors of three members appointed by the Secretary of Agriculture, which three directors would also be President, Vice-President, and Secretary of the corporation.

"Loans would be made by a county committee appointed by the corporation in each county, consisting of three individuals, two of whom must be farmers. They would be paid from $3 to $5 a day plus subsistence while engaged in the performance of their duty."

Mr. Wiggins addressed his testimony mainly to the rehabilitation loan provisions of the bill. He described the purposes of the bill as "threefold"; first, to liquidate part of the Farm Security activities; second, to consolidate the agencies in the field of social objectives, and third, to make a more or less permanent policy in the field of social lending in agriculture. From his remarks we quote:

"This committee should recognize that the philosophy which this bill represents is that every farmer, whether he is or is not a justifiable risk, is entitled to credit. It is a philosophy under which, if private credit and sound credit are not available, government should provide such credit. I am sure that all of us recognize the danger in a philosophy of government that sets up the proposition that all men are entitled to credit.

"I think all of us recognize the seriousness and importance of this particular legislation as laying down a pattern of credit in the agricultural field of a supplementary character that might well, if not properly safeguarded, extend itself one way or another to the point that it might even jeopardize cooperative credit or private credit," he added.

"If, however, Congress determines there is a need for agricultural credit which can be supplied only by direct loans from a government agency, it should see to it that such credit is confined to the need so determined and is surrounded by proper safeguards and limitations."

Mr. Wiggins criticized the provision for the vesting of management in a board of three directors who would be appointed by and whose salaries would be fixed by the Secretary of Agriculture. "A great deal has been said before your Committee and other Committees about the desirability of removing administrative agencies from political control. I think it is desirable in this case," he stated. "We feel that this board should be appointed with staggered terms of office and not be subject to removal at the will of a political appointee." He also said:

"In the hearings before the Cooley Subcommittee on Nov. 17-20, 1943, the position of the American Bankers Association with respect to socialized and subsidized credit was stated. With particular reference to cooperative credit agencies it was emphasized that the Farm Credit Administration should be returned to an independent status under the management of a bi-partisan board. If this is desirable for cooperative credit, it is even more desirable, in fact, it is essential to have the supervision and control of direct loans to farmers placed in an independent agency managed by a bi-partisan board, in order to prevent political influences from dictating the lending policies of the agency."

Mr. Wiggins raised a question concerning the provision that the county agricultural extension agent shall call meetings of the county committee to pass on "these credits" and that he receive applications for loans, and suggested that at least one man on the county committee should be a man who has had some experience in credits. "There is no limitation as to whom you can have, but it seems to me that if you are setting up a credit agency, at least the qualifications of one member of the board should be a man who has had some experience in credits," he said. He also called for staggered terms for members of local committees. Mr. Wiggins also suggested that no employee of the Government or of Government agencies should be permitted to serve as a member of a county committee. He urged that the bill be amended to provide for Congressional review of the need for funds each year.

"I think that one of the most serious objections to this bill in its present form is that you create revolving funds," he said. "And I am convinced that the people of this country have been fooled and kidded more by revolving funds than by any other hiding of what is going on with the taxpayers' money. I very much urge that these not be revolving funds at all."

Mr. Wiggins praised the provisions in the bill restricting loans to borrowers who are unable to get credit elsewhere by means of requiring the county committee to certify that the applicant has been unable to obtain credit sufficient to meet his needs at reasonable rates and upon reasonable terms from commercial banks, other private lending agencies, or from any other source. But he expressed himself as concerned with the provision of reasonable rates and reasonable terms from other sources. "There you open up the whole limitation to the construction of people who have different ideas as to what you may mean by reasonable rates and reasonable terms," he said.

Mr. Wiggins urged that a provision be put in the bill "to prohibit and forbid the advertising and solicitation of loans. We have had the experience of these representatives of various agencies going around the country soliciting, advertising for, and trying to get the business," he said. "I think that an institution that is set up here to provide a final resort should not be one that should actively go out and see how much business it can drum up."

He also questioned the provisions covering the purpose of the loans. "It seems to me that the particular provision of 'other farm needs and the family subsistence' should be carefully screened to be sure that under that some administrator cannot spend it to do things that you do not want him to do."

Mr. Wiggins stated that he regarded his last point as the most important of all. "Under this bill you are providing for loans not to exceed $2,500 essentially and through accrual not to exceed $3,500. In effect, what you are doing is raising the feed and seed loan from $400 to $2,500. The practical effect is that when this bill is passed there will be no more seed and feed loans, farm security loans, and so on. The practical effect will be that the fellow who has been getting a $400 seed and feed loan is now going to get a $2,500 one." In answer to the suggestion that this will depend upon whether the county committees will do it, Mr. Wiggins replied, "That is an open invitation for that fellow to come in and ask for $2,500."

Mr. Wiggins urged the elimination of Section 8 of the bill for the consolidation of all field offices of agricultural credit agencies.

Parkinson Acting Director Of Insurance In Illinois

Governor Dwight H. Green of Illinois, April 13, announced that he had accepted the resignation of Paul F. Jones, State Director of Insurance, effective April 15. Governor Green named Nellis P. Parkinson, present Chief Deputy in the Department, to serve as Acting Director. Mr. Jones is leaving the State service to return to his law practice and other private affairs in Danville. He offered his resignation several months ago but withdrew it temporarily at the urgent request of Gov. Green. Mr. Jones has served as Director since Jan. 20, 1941. Gov. Green, in announcing the resignation, said:

"I sincerely regret losing the services of Director Jones. He has served the citizens of Illinois faithfully and there has been marked improvement in insurance conditions since he has been directing the Department."

Mr. Jones was United States District Attorney under President Hoover and has served as City Attorney of Danville and Assistant States Attorney of Vermilion County. He is a member of the law firm of Lindley, Jones, Grant & Sabat in Danville.

Price Stabilization Argued Before The SEC

After a long series of delays extending over more than two years, the Securities and Exchange Commission in Philadelphia, on April 11, listened to oral arguments in the case involving the right of the National Association of Securities Dealers to fine some 70 of its members for violation of a price stabilization covenant contained in an underwriting agreement for the offering of $38,000,000 of bonds of the Public Service Commission of Indiana. The main question at issue, as noted in the "Chronicle" of March 23, page 1204, was not the disciplinary action of NASD, but rather the legality, under the Sherman Anti-Trust Act, of any price-maintenance arrangements among security dealers. It was about two years ago that a representative of the Department apparently threw a bomb shell into a session of the SEC hearings by contending that the customary price stabilization provisions, which have been universally practiced since the turn of the century, was a violation of the Sherman Act and requested the privilege of the Justice Department to intervene in the proceedings. This request the SEC granted, and, in addition, issued a statement, which, in essence, expressed an inclination to accept the view of the Justice Department official. As the NASD contested the contention of the right of the Justice Department to intervene in the proceedings, both parties were asked to submit briefs, and the oral arguments, after several postponements, were held on April 11.

Raymond T. Jackson of Cleveland, Ohio, put in an appearance for the NASD. He argued that there is no violation of the Sherman Act in the price stabilization agreements as contended by the Justice Department. He pointed out that the usual covenant for a uniform offering price, which has long been traditional in security underwriting had been brought to the attention of Congress on several occasions, by investigating committees, such as Pujo Committee in 1912, and the Pecora investigating committee just prior to the passage of the Securities Act of 1933, and no legal or other objections were offered against it.

"In the long period which has elapsed since the passage of the Sherman Act in 1890, there has been no case in which it has been urged that this distributing arrangement, including the covenant for a uniform public offering price was in violation of the Sherman Act," Mr. Jackson argued.

He further pointed out that without uniform price agreements no selling group organized to distribute new securities could be formed, and if the traditional covenant is abolished, the costs of distributing new securities would be greatly increased. He hinted that the ultimate effect may be a serious handicap to corporate financing and a complete change in methods of security distribution. Mr. Jackson further contended that the SEC has not been granted a statutory power to administer or enforce the Sherman Act. "If the Commission were to set aside the disciplinary action of the association under the Sherman Act, the Commission would obviously be required to find there had been a violation of the Sherman Act, and thus would be exercising jurisdiction to construe and enforce the Sherman Act," he said.

Pointing out that the underwriting agreement is "a joint venture for a certain business result" by collective action, it has greater freedom under the Sherman Act than a corporation might have, due to its temporary character.

Lawrence S. Apsey, special assistant to the Attorney General, presented the arguments of the Department of Justice. He contended that all uniform price agreements are, *per se*, a violation of the Sherman Anti-Trust Act.

"The respondents would have us believe," he said, "that there is something unique about the securities business which establishes it on some untouchable mountain top, which, of course, would make things very rosy for those who live on the peak.

"Maybe it is because finance is a mystery to many people that the bankers have attempted to enshroud it in a veil of sanctity, and to contend that any tampering with the financial mechanism will cause the entire economic structure to come tumbling about our ears. If the securities business is unique, this is so rather in its potentiality for harm than in any presumption that it necessarily operates in the public good."

Mr. Apsey argued further that since the price agreements guarantee to the underwriters and dealers certain minimum profits, the profits must be presumed to be unreasonable.

"Such contracts establish an artificial market and thereby preclude any mechanism of a free and open market," he said. "They impose a schedule of prices and a minimum rate of commission and other charges. To construe the rules to require the observance of such contracts is to use the rules themselves to impose such schedules."

Continuing this argument, the Justice Department's Attorney announced that "no doctrine of anti-trust law is more firmly established by the Supreme Court than the principle that price-fixing agreements are unlawful per se.

"The respondents (NASD) would have us believe that there is something unique about the securities business which takes it out of this rule and establishes it on some untouchable mountain top," the Department of Justice assistant said. "If the securities business is unique, this is so rather in its potentialities for harm than in any presumption that it necessarily operates for the public good. From the investors' point of view, it is clearly a 'dangerous instrumentality.'

"Proponents of the anti-trust philosophy point out that it is the underwriters and dealers who are throwing the monkey-wrench into American economy by creating an artificial market and upsetting the natural course of events," he continued. "It is they who seek to substitute the fallible judgment, as to price, of a handful of underwriters with a financial axe to grind for the collective judgment of the investing public which might otherwise be registered in a free and open market."

Harold B. Teegarden, counsel on the staff of the SEC, argued along the lines taken by the Justice Department. He maintained that price agreements interfered with "a free and open market". Though admitting that there would be some price cutting by individual dealers comprised in an underwriting syndicate, the absence of a uniform price covenant would not have the "dire results" on security distribution predicted by the attorney of the NASD. He summarized his views by declaring that the price agreements "were clearly contrary to public policy, illegal and unenforceable—in other words, a social and economic evil."

Of course, he made no reference to the fact that the Treasury Department and the Federal Reserve Board on many occasions in both the distant and the recent past has entered the Government bond market with the express purposes of stabilizing the prices of these securities; and were therefore using the same traditional marketing device that has been practiced in security underwriting for more than a half century.

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following table:

MOODY'S BOND PRICES†
(Based on Average Yields)

1944— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
Apr. 18	119.86	111.62	118.20	116.61	111.62	101.31	105.17	113.70	116.41
17	119.86	111.81	118.40	116.61	111.62	101.31	105.17	113.70	116.61
15	119.86	111.62	118.20	116.61	111.62	101.14	105.17	113.70	116.41
14	119.86	111.62	118.20	116.61	111.44	101.14	105.17	113.70	116.41
13	119.90	111.44	118.20	116.61	111.44	100.98	105.00	113.70	116.22
12	120.02	111.62	118.20	116.80	111.44	101.14	105.17	113.70	116.41
11	119.94	111.62	118.20	116.80	111.44	101.14	105.00	113.70	116.41
10	119.83	111.62	118.20	116.61	111.44	101.14	104.83	113.70	116.41
8	119.81	111.44	118.20	116.61	111.44	100.98	104.83	113.70	116.22
7				—Exchange Closed—					
6	119.81	111.44	118.20	116.61	111.44	100.98	104.83	113.89	116.22
5	119.79	111.44	118.20	116.41	111.44	100.81	104.66	113.70	116.22
4	119.77	111.44	118.40	116.41	111.44	100.81	104.66	113.70	116.41
3	119.70	111.44	118.40	116.41	111.44	100.81	104.66	113.70	116.41
1	119.68	111.44	118.20	116.41	111.25	100.81	104.66	113.70	116.22
Mar. 31	119.68	111.44	118.20	116.41	111.25	100.81	104.66	113.70	116.22
24	119.86	111.44	118.20	116.61	111.44	100.81	104.66	113.89	116.41
17	120.14	111.44	118.20	116.61	111.25	100.65	104.66	113.70	116.41
10	120.26	111.44	118.20	116.41	111.25	100.81	104.48	113.70	116.41
3	120.44	111.25	118.20	116.61	111.25	100.49	104.31	113.70	116.41
Feb. 25	120.21	111.25	118.20	116.41	111.07	100.32	104.31	113.50	116.22
18	119.96	111.25	118.40	116.41	111.07	100.49	104.31	113.50	116.41
11	119.69	111.25	118.40	116.22	111.25	100.49	104.31	113.50	116.41
4	119.45	111.25	118.40	116.22	111.25	100.49	104.14	113.50	116.61
Jan. 28	119.47	111.07	118.20	116.22	111.07	100.16	104.14	113.31	116.41
21	119.58	111.25	118.40	116.41	111.07	100.16	104.31	113.31	116.41
14	119.57	111.25	118.60	116.41	111.25	99.84	104.14	113.50	116.41
7	119.69	111.07	118.60	116.41	111.07	99.36	103.80	113.50	116.22
High 1944	120.44	111.81	118.80	116.80	111.62	101.31	105.17	113.89	116.61
Low 1944	119.41	110.70	118.20	116.22	110.88	99.04	103.30	113.12	116.02
High 1943	120.87	111.44	119.41	117.00	111.81	99.36	103.47	114.27	117.40
Low 1943	116.85	107.44	116.80	113.89	108.88	92.35	97.16	111.81	114.46
1 Year ago									
April 17, 1943	118.08	109.60	117.80	115.43	110.52	96.54	100.98	112.93	115.82
2 Years ago									
April 18, 1942	118.12	106.92	116.41	113.70	107.62	92.20	97.00	110.88	113.89

MOODY'S BOND YIELD AVERAGES
(Based on Individual Closing Prices)

1944— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
Apr. 18	1.82	3.08	2.74	2.82	3.08	3.67	3.44	2.97	2.83
17	1.82	3.07	2.73	2.82	3.08	3.67	3.44	2.97	2.82
15	1.82	3.08	2.74	2.82	3.08	3.68	3.44	2.97	2.83
14	1.82	3.08	2.74	2.82	3.09	3.68	3.44	2.97	2.83
13	1.82	3.09	2.74	2.82	3.09	3.69	3.45	2.97	2.84
12	1.81	3.08	2.74	2.81	3.09	3.68	3.44	2.97	2.83
11	1.82	3.08	2.74	2.82	3.09	3.68	3.45	2.97	2.83
10	1.82	3.08	2.74	2.82	3.09	3.68	3.46	2.97	2.83
8	1.83	3.09	2.74	2.82	3.09	3.69	3.46	2.97	2.84
7				—Exchange Closed—					
6	1.83	3.09	2.74	2.82	3.09	3.69	3.46	2.96	2.84
5	1.83	3.09	2.74	2.83	3.09	3.70	3.47	2.97	2.84
4	1.83	3.09	2.73	2.83	3.09	3.70	3.47	2.97	2.83
3	1.83	3.09	2.73	2.83	3.09	3.70	3.47	2.97	2.83
1	1.83	3.09	2.74	2.83	3.10	3.70	3.47	2.97	2.84
Mar. 31	1.83	3.09	2.74	2.83	3.10	3.70	3.47	2.97	2.84
24	1.82	3.09	2.74	2.82	3.09	3.70	3.47	2.96	2.83
17	1.80	3.09	2.74	2.82	3.10	3.71	3.47	2.97	2.83
10	1.81	3.09	2.74	2.83	3.10	3.70	3.48	2.97	2.83
3	1.80	3.10	2.74	2.82	3.10	3.72	3.49	2.97	2.83
Feb. 25	1.81	3.10	2.74	2.83	3.11	3.73	3.49	2.98	2.84
18	1.83	3.10	2.73	2.83	3.11	3.72	3.49	2.98	2.83
11	1.85	3.10	2.73	2.84	3.10	3.72	3.49	2.98	2.83
4	1.87	3.10	2.73	2.84	3.10	3.72	3.50	2.98	2.82
Jan. 28	1.87	3.11	2.74	2.84	3.11	3.74	3.50	2.99	2.83
21	1.86	3.10	2.73	2.83	3.11	3.74	3.49	2.99	2.83
14	1.86	3.10	2.72	2.83	3.10	3.76	3.50	2.98	2.83
7	1.85	3.11	2.72	2.83	3.11	3.79	3.52	2.98	2.84
High 1944	1.87	3.13	2.74	2.84	3.12	3.81	3.55	3.00	2.85
Low 1944	1.79	3.07	2.71	2.81	3.08	3.67	3.44	2.96	2.82
High 1943	2.08	3.31	2.81	2.95	3.23	4.25	3.93	3.07	2.93
Low 1943	1.79	3.09	2.68	2.80	3.07	3.79	3.54	2.94	2.78
1 Year ago									
April 17, 1943	2.00	3.19	2.76	2.88	3.14	3.97	3.69	3.01	2.86
2 Years ago									
April 18, 1942	1.96	3.34	2.83	2.97	3.30	4.26	3.94	3.12	2.96

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Jan. 14, 1943, page 202.

Electric Output For Week Ended April 15, 1944 Shows 10% Gain Over Same Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended April 15, 1944, was approximately 4,307,498,000 kwh., compared with 3,916,794,000 kwh. in the corresponding week a year ago, an increase of 10.0%. The output for the week ended April 8, 1944, was 12.3% in excess of the similar period of 1943.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographical Divisions—	Week Ended Apr. 15	Apr. 8	Apr. 1	Mar. 25
New England	3.3	4.0	4.0	4.7
Middle Atlantic	6.1	9.1	11.1	11.4
Central Industrial	7.2	9.0	10.9	9.5
West Central	2.8	5.4	8.6	6.6
Southern States	10.7	13.2	13.4	11.1
Rocky Mountain	5.7	6.5	4.5	6.5
Pacific Coast	26.9	30.2	29.7	28.0
Total United States	10.0	12.3	13.3	12.2

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1944	1943	% Change over 1943	1942	1932	1929
Jan. 1	4,337,387	3,779,993	+14.7	3,288,685	1,619,265	1,542,000
Jan. 8	4,567,959	3,952,587	+15.6	3,472,579	1,602,482	1,733,810
Jan. 15	4,539,083	3,952,479	+14.8	3,450,468	1,598,201	1,736,721
Jan. 22	4,531,662	3,974,202	+14.0	3,440,163	1,588,967	1,717,315
Jan. 29	4,523,763	3,976,844	+13.8	3,468,193	1,588,853	1,728,203
Feb. 5	4,524,134	3,960,242	+14.2	3,474,638	1,578,817	1,726,161
Feb. 12	4,532,730	3,939,708	+15.1	3,421,639	1,545,459	1,718,304
Feb. 19	4,511,562	3,948,749	+14.3	3,423,589	1,512,158	1,699,250
Feb. 26	4,444,939	3,892,796	+14.2	3,409,907	1,519,679	1,706,719
March 4	4,464,686	3,946,630	+13.1	3,392,121	1,538,452	1,702,570
March 11	4,425,630	3,944,679	+12.2	3,357,444	1,537,747	1,687,229
March 18	4,400,246	3,946,836	+11.5	3,357,032	1,514,553	1,683,262
March 25	4,409,159	3,928,170	+12.2	3,345,502	1,480,208	1,679,589
April 1	4,408,703	3,889,858	+13.3	3,348,608	1,465,076	1,633,291
April 8	4,361,094	3,882,467	+12.3	3,320,858	1,480,738	1,696,543
April 15	4,307,498	3,916,794	+10.0	3,307,700	1,469,810	1,709,331
April 22	------	3,925,175		3,273,190	1,454,505	1,699,822
April 29	------	3,866,721		3,304,602	1,429,032	1,688,434

Steel Production Again At Record High Level Reconversion And Manpower Problems Active

"Production of all items urgently needed for the invasion proceeded at high speed over the nation this week, but still the problems of contract cancellation and reconversion, manpower and surplus property remained very active," says "The Iron Age" in its issue to today (April 20), which further adds:

"The automobile industry's conference at Washington on April 17 seemed to emphasize WPB's lack of legislative power to deal with the broad problems. Automobile men were requested to return in 60 to 90 days with plans for restricted production of 2,000,000 cars and subsequently for unlimited production, and to have in hand much other data.

"Last week Donald M. Nelson, Chairman of the War Production Board, appeared to be veering toward a little more determination on the wildly booted reconversion and civilian goods questions. He formally announced his new reconversion policy committee and said that the restrictive order confining new or increased civilian production to Group 3 and Group 4 labor areas would be modified. There was even talk that WPB will attempt to get the 2,000,000 electric irons originally programmed.

"Meanwhile, in Canada, officials of the Wartime Prices and Trade Board are reported to have agreed on principles which will result in the smoothing of the conversion problem. In the main, it is planned that industries will make their own decisions about civilian output, while no attempt will be made to judge between the relative urgency of consumer needs. No advance information of an intended relaxation will be given manufacturers, nor will there be postponement of these orders so as to provide equality of opportunity for manufacturers.

"Steel ingot production is holding at its high level and delivery promises and rolling mill schedules seem to be growing tighter steadily. On some leading items mill books are closed virtually through next October. Some of the leading steel companies find their order volume 8% to 10% ahead of a month ago.

"Like numerous other steel consuming industries, can makers are worried over the outlook for their raw material supplies. First quarter tin plate allocations were cut below stated requirements and the shortage hasn't been made up. It is feared that on July 1 the industry's inventory may be 4,000,000 base boxes short.

"Considerable interest and some confusion has been centering upon the realinement of plate directives. It is understood from a reliable source that plate production loads will be reduced in July, with some companies scheduled to receive more of a cut than others, depending upon past performance and other conditions. However, sheet orders are expected to more than fill up any vacant space on mill schedules which occurs.

"According to reliable information, announcement of upward adjustments in the price of certain steel products by the OPA has been postponed indefinitely."

The American Iron and Steel Institute on April 17 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 94% of the steel capacity of the industry will be 99.5% of capacity for the week beginning April 17, compared with 98.7% one week ago, 99.2% one month ago and 99.1% one year ago. The operating rate for the week beginning April 17 is equivalent to 1,782,300 tons of steel ingots and castings, or the same as estimated for the week beginning April 3, when output was at the highest rate on record. The current rate also compares with 1,768,000 tons one week ago, 1,777,000 tons one month ago and 1,716,100 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on April 17 stated in part as follows:

"Appearance of occasional gaps in rolling schedules, due to cancellations from changes in war requirements, tends to confuse the delivery situation somewhat, but they are promptly filled by other pressing tonnage and delivery in major steel products is as extended as in the recent past.

"In fact, while pressure for plate delivery is strong, buying is less active because of the long wait now necessary. Because of the shorter month and five week ends plate production in April probably will not equal the record set in March. Sheets are available for September shipment and occasional lots have been booked recently for August where openings in rolling schedules have appeared. Most producers are well covered for third quarter with fourth quarter commitments expanding.

"Bar schedules are tightening appreciably, attributed to larger requirements for heavy shells and greater needs of railroad and farm equipment manufacturers. While some producers can take business for June, others have nothing before July and on some sizes only August is offered. Structural mill schedules also show stiffening, more a result of landing craft needs than increased building operations.

"Some quickening is noted in pig iron, evidenced more in the melt than in acceleration of buying. Most users buy conservatively, no evidence of accumulating inventory being apparent. Makers are not piling iron and full production is being taken in. Some stacks are idle for repairs and some have not been returned to service after relining.

"First ore cargoes from the head of the lakes reached lower lake ports last week, opening the season about ten days earlier than in 1943. With the fleet augmented by several carriers of large size a record tonnage may be moved."

Iver Olsen Named As Representative in Sweden Of War Refugee Board

John W. Pehle, Executive Director of the War Refugee Board, announced on April 12 the appointment of Iver C. Olsen as the Board's special representative in Stockholm, Sweden, assigned as special attache to the Legation on War Refugee matters. The Board's announcement states:

"The new appointee was named by the Board to develop programs and implement measures for the rescue, maintenance and relief of Jews and other persecuted minorities in Europe. Ira Hirschmann of New York City, who was designated in February as the Board's representative in Turkey, is due in Washington this month for 'urgent consultation' with the Board.

"Mr. Olsen, a native of Norway, has been a financial attache of the Treasury's Division of Monetary Research since October, 1943. Prior to that time has was special assistant to the Director of Foreign Funds Control.

"A resident of Gilford, N. H., he received his education at Boston University; the School of Foreign Service, Georgetown University, and Crawford's Diplomatic School of Washington. He is the author of numerous articles on banking, investments and economic problems."

Single World Police For Peace Dropped

Plans for a single international police force to guard the peace of the post-war world have been studied extensively by State Department foreign policy experts, it was learned recently, but have been discarded as impractical. This was reported in Associated Press reports from Washington on April 13, which also had the following to say:

"Instead, the experts are planning now in terms of separate national forces—armies, navies and air groups. A half dozen or more powers would maintain strong national forces and, it is hoped, would join to suppress or put down international disturbances threatening general war.

"Proposals along this line will be among those submitted by Cordell Hull, Secretary of State, to the bi-partisan Senate committee which he has asked Senator Tom Connally, Democrat, of Texas, Chairman of the Senate Foreign Relations Committee, to appoint to advise the State Department on post-war policy. Once the Committee has passed upon the plans, they will be put into shape for submission to other nations, initially the war's main allies, Britain, Russia and China.

"The idea of using force to maintain peace is considered by American foreign policy officials to be the core of the whole problem of building a peaceful world. It is bound up with all questions of organizing a world council or league to perpetuate the war-born United Nations.

"The national forces which the United States is preparing to propose would be used only by international agreement and thus would serve the same purpose as a single international police force, but without raising complicated new issues of how to man, supply, finance, base and operate a totally new kind of military establishment which would face extraordinary difficulties of language, training and customs."

Results Of Treasury Bill Offering

The Secretary of the Treasury announced on April 17 that the tenders for $1,000,000,000, or thereabouts, of 91-day Treasury bills to be dated April 20 and to mature July 20, 1944, which were offered on April 14, were opened at the Federal Reserve Banks on April 17.

The details of this issue are as follows:

Total applied for, $2,028,440,000.

Total accepted, $1,613,435,000 (includes $53,985,000 entered on a fixed-price basis at 99.905 and accepted in full).

Average price, 99.905, equivalent rate of discount approximately 0.375% per annum.

Range of accepted competitive bids:

High, 99.910, equivalent rate of discount approximately 0.356% per annum.

Low, 99.905, equivalent rate of discount approximately 0.376% per annum.

(42% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on April 20 in the amount of $1,017,182,000.

Moody's Daily Commodity Index

Tuesday, April 11	250.3
Wednesday, April 12	250.4
Thursday, April 13	249.9
Friday, April 14	249.7
Saturday, April 15	249.7
Monday, April 17	250.2
Tuesday, April 18	249.6
Two weeks ago, April 4	249.9
Month ago, March 18	251.4
Year ago, April 17	247.3
1943 High, April 1	249.8
Low, Jan. 2	240.2
1944 High, March 17	251.5
Low, Jan. 5	247.0

Civil Engineering Construction $32,915,000 For Week

Civil engineering construction volume in continental United States totals $32,915,000 for the week. This volume, not including the construction by military engineers abroad, American contracts outside the country, and shipbuilding, is 3% lower than a week ago and 65% below the corresponding 1943 week as reported to "Engineering News-Record" and made public on April 13. The report added:

Public construction tops the preceding week by 12% but is 65% under last year. Private work is 53 and 67% lower, respectively, than a week ago and a year ago.

The current week's construction brings 1944 volume to $517,000,000 for the 15-week period, a decrease of 52% from the $1,087,844,000 reported in 1943. Private construction, $109,881,000, is 8% below the 1943 period, and public construction, $407,119,000 is down 58% as a result of the 60% drop in Federal volume and the 21% decline in State and municipal volume.

Civil engineering construction volumes for the 1943 week, last week, and the current week are:

	April 15, 1943	April 6, 1944	April 13, 1944
Total U. S. Construction	$93,573,000	$33,963,000	$32,915,000
Private construction	11,064,000	7,846,000	3,695,000
Public construction	82,509,000	26,117,000	29,220,000
State and municipal	9,251,000	2,764,000	1,928,000
Federal	73,258,000	23,353,000	27,292,000

In the classified construction groups, gains over last week are in public buildings and unclassified construction. Increases over the 1943 week are in bridge and earthwork and drainage. Subtotals for the week in each class of construction are: waterworks, $41,000; sewerage, $322,000; bridges, $219,000; industrial buildings, $582,000; commercial buildings, $2,368,000; public buildings, $17,522,000; earthwork and drainage, $104,000; streets and roads, $1,643,000; and unclassified construction, $10,114,000.

New capital for construction purposes for the week totals $46,860,000. It is made up of $300,000 in corporate security issues, $320,000 in State and municipal bond sales, and $46,240,000 in RFC loans for private industrial improvements.

The week's new financing brings 1944 volume to $231,097,000, a figure 51% below the $468,146,000 reported for the 15-week 1943 period.

National Fertilizer Association Commodity Price Index Unchanged

The weekly wholesale commodity price index, compiled by The National Fertilizer Association and made public on April 17, registered 137.1 in the week ending April 15, the same as in the preceding week. A month ago this index stood at 137.3 and a year ago at 135.8, based on the 1935-1939 average as 100. The Association's report went on to say:

The all-commodity index remained at the previous week's level as the few price changes balanced or offset one another. Slightly rising prices for cattle and sheep were sufficient to offset declining prices for rye, hogs, and lambs, thus holding the farm products index number to the previous week's level. Advancing prices in eggs caused a fractional increase in the foods group. Higher quotations for raw cotton caused a slight increase in the textiles group which in turn reached a new high. The average of industrial commodities remained unchanged.

Price changes during the week were evenly balanced with four series advancing and four declining; in the preceding week they were also evenly balanced with three advances and three declines; and in the second preceding week there were five advances and six declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
1935-1939=100*

% Each Group Bears to the Total Index	Group	Latest Week Apr. 15, 1944	Preceding Week Apr. 8, 1944	Month Ago Mar. 18, 1944	Year Ago Apr. 17, 1943
25.3	Foods	138.4	138.3	137.7	139.5
	Fats and Oils	146.1	146.1	146.1	147.7
	Cottonseed Oil	159.6	159.6	159.6	159.0
23.0	Farm Products	156.7	156.7	158.5	154.3
	Cotton	200.9	200.1	200.9	200.5
	Grains	164.8	164.8	164.8	141.3
	Livestock	146.9	147.0	149.7	150.1
17.3	Fuels	130.1	130.1	130.1	122.2
10.8	Miscellaneous commodities	132.2	132.2	132.2	130.4
8.2	Textiles	152.3	152.1	152.0	151.2
7.1	Metals	104.4	104.4	104.4	104.4
6.1	Building materials	152.4	152.4	152.4	152.3
1.3	Chemicals and drugs	127.7	127.7	127.7	126.6
.3	Fertilizer materials	117.7	117.7	117.7	117.9
.3	Fertilizers	119.7	119.7	119.7	119.8
.3	Farm machinery	104.2	104.2	104.2	104.1
100.0	All groups combined	137.1	137.1	137.3	135.8

*Indexes on 1926-1928 base were: April 15, 1944, 106.8; April 8, 106.8, and April 17, 1943, 105.8.

Finished Steel Shipments By Subsidiaries Of U. S. Steel Corporation Hits Record In March

Shipments of finished steel products by subsidiaries of the United States Steel Corp. in March were were 1,874,795 net tons, the highest for any month in its history. The previous peak was 1,851,279 net tons in October, 1941.

The March, 1944, total was 119,023 net tons over the 1,755,772 tons reported for the preceding month. However, February made a better showing on the basis of the daily average deliveries. For the 27 days in March the average was 69,437 net tons compared with 70,231 net tons for the 25 working days in the previous month.

In March, 1943, the shipments were 1,772,397 net tons. For 27 working days in March last year the average was 65,644 net tons per day. In the corresponding month of 1942 the total was 1,780,938 net tons and in March, 1941, shipments were 1,720,366 net tons.

For the first quarter this year deliveries were 5,361,354 net tons, the highest for any similar period in history, and compares with 5,149,982 tons in the corresponding three months last year, an increase of 211,372 tons. There were 78 working days in the first quarter this year and the per day average was 68,735 net tons. In the same period of 1943, which had 77 working days, the average was 66,883 net tons.

In the table below we list the figures by months for various periods since January, 1939:

	1944	1943	1942	1941	1940	1939
January	1,730,787	1,685,993	1,738,893	1,682,454	1,145,592	870,866
February	1,755,772	1,691,592	1,616,587	1,548,451	1,009,256	747,427
March	1,874,795	1,772,397	1,780,938	1,720,366	931,905	845,108
April	------	1,630,828	1,758,894	1,687,674	907,904	771,752
May	------	1,706,543	1,834,127	1,745,295	1,084,057	795,689
June	------	1,552,663	1,774,068	1,668,637	1,209,684	607,562
July	------	1,660,762	1,765,749	1,666,667	1,296,887	745,364
August	------	1,704,289	1,788,650	1,753,665	1,455,604	885,636
September	------	1,664,577	1,703,570	1,664,227	1,392,838	1,086,683
October	------	1,794,968	1,787,501	1,851,279	1,572,408	1,345,855
November	------	1,660,594	1,665,545	1,624,186	1,425,352	1,406,205
December	------	1,719,624	1,849,635	1,846,036	1,544,623	1,443,969
Total by mos.	------	20,244,830	21,064,157	20,458,937	14,976,110	11,752,116
Yearly adjust.	------	*97,214	*449,020	*42,333	37,639	*44,865
Total	------	20,147,616	20,615,137	20,416,604	15,013,749	11,707,251

*Decrease.

Note—The monthly shipments as currently reported during the year 1942, are subject to adjustment reflecting annual tonnage reconciliations. These will be comprehended in the cumulative yearly shipments as stated in the annual report.

Bank Debits For Month Of March

The Board of Governors of the Federal Reserve System issued on April 11 its usual monthly summary of "bank debits," which we give below:

SUMMARY BY FEDERAL RESERVE DISTRICTS
[In millions of dollars]

Federal Reserve District—	March 1944	March 1943	—3 Months Ended— March 1944	March 1943
Boston	3,479	3,291	10,658	8,866
New York	32,121	26,424	91,625	72,880
Philadelphia	3,398	3,100	9,822	8,371
Cleveland	4,705	4,272	14,059	11,719
Richmond	2,673	2,438	7,728	6,705
Atlanta	2,522	2,244	7,469	6,179
Chicago	12,728	11,051	34,779	28,533
St. Louis	2,046	1,921	6,103	5,281
Minneapolis	1,435	1,238	4,240	3,323
Kansas City	2,381	2,248	7,056	6,122
Dallas	2,089	1,918	6,114	5,119
San Francisco	6,512	5,637	19,040	15,529
Total, 334 centers	76,089	65,782	218,692	178,626
New York City*	29,644	24,062	84,266	66,611
140 other centers*	39,411	35,261	113,851	94,421
193 other centers	7,034	6,459	20,575	17,594

*Included in the national series covering 141 centers, available beginning in 1919.

ALF In Offering "Post-War Program" Urges "International Organization Of Peace"

(Continued from page 1639)

4. Special assistance in finding employment.

5. Interim placement benefits effective three months after demobilization and to continue for two years after re-entering the work force.

The National Work Force

For all wage earners the American Federation of Labor proposes:

1. Federal interim unemployment benefits for two years.

2. Early enactment of a Federal social insurance system covering all workers in private industry and groups of self-employed persons, providing insurance for emergencies interrupting work: unemployment and short-time incapacity, long-time incapacity and old age, with provision that the Social Security Board may enter into compacts with individual States or their subdivisions, for the purpose of extending social security coverage to their employees.

3. A national employment service essential to advise workers of suitable jobs and employers of suitable workers.

4. Restoration of shorter work-week without material reduction in weekly earnings.

During the war wage earners have contributed increased productivity to the war effort without compensation by increases in wage rates. Justice therefore requires that they return to normal hours without material change in weekly earnings.

5. An end of the evil of child labor.

6. Adequate protective labor legislation at both Federal and State levels.

Union responsibilities in an economy of abundance. In addition to its responsibility for craftsmanship and discipline of members, and selection of officers to represent the union and negotiate contracts protecting members' rights and interests, the union must assume the responsibilities accompanying the establishment and maintenance of maximum levels of production and employment. This implies the unreserved cooperation necessary for full employment with review and revision of rules and practices which were developed to protect workers in a depressed and severely fluctuating economy.

Employers' responsibilities. As price of free competitive enterprise—with profits to cover risks—employers must accept responsibility for directing initiative toward organization of production, employment and marketing that will maintain maximum levels of production and employment.

Through personnel policies and in collective bargaining employers should promote higher incomes for the work force. This is essential to an economy of abundance.

Union-Management Cooperation. After collective bargaining has become a customary practice, it is possible to develop plans and agencies for regularized cooperation between unions and management. Such cooperation contributes to efficient production and can materially lower production costs. It makes possible a real sense of partnership in the day-to-day problems of joint work.

We urge for all production undertakings genuine collective bargaining as the only basis for union-management cooperation.

Housing. Cities and towns, large and small, have been blighted by the years of stagnation in residential building. Mass shifts of workers brought about by war mobolization and war curtailment of construction activity have multiplied the already acute need for housing.

We propose that work of practical and definite advance planning of rebuilding of communities be undertaken at once as a task by citizens of each and every town. This is an urgent job for local agencies on which private industry, organized labor and government can work jointly toward assurance of economic growth and security after the war. Home reconstruction provides the broadest single base for production and reemployment in major industries. In keeping with other plans for an economy of abundance, we should carry on slum clearance and rehousing of families whose incomes keep them out of reach of the private homebuilding markets. This must be done through a program of low rent housing with public aid of local housing agencies backed by Federal Government.

Private initiative should play a leading part in post-war housing reconstruction with safeguards against speculative abuses in construction and financing. Slum clearance and rehousing of low-income families must supplement private effort to bring decent homes within reach of every family and assure healthy, normal growth to all children—our future citizens.

Public Works. A program of needed public works and services ready to be let to private contractors should be available to supplement private employment in the conversion period and to start as soon as a trend toward production decline appears obvious.

Fiscal Policy. Our national fiscal policy must promote our fundamental purpose—high levels of production and employment. Our accumulated national debt and interest charges thereon will mean sustained high tax rates, but if we maintain high production levels this will not prevent our providing adequate educational opportunities, child welfare, housing, health, public assistance and similar services.

Proposal. We propose representatives of farmers, employers and workers organizations should get together in advance of legislation to agree upon our joint responsibilities.

This program deals only with immediate plans. Additional recommendations will be made from time to time.

Mortgage Bankers Schedule Balance Of 1944 Meets

The third and final 1944 mortgage "clinic" of the Mortgage Bankers Association of America will be at the Hotel Mayo, Tulsa, May 11 and 12, according to an announcement on April 15 by H. G. Woodruff, Detroit, Association President. The national conference will be devoted to current and post-war mortgage problems with special emphasis on conditions in the farm mortgage field. The Oklahoma and Texas mortgage bankers associations and the Dallas and Houston organizations will cooperate in sponsoring the meeting. The announcement also had the following to say:

"R. O. Deming, Jr., Oswego, Kan., MBA Regional Vice-President for the Southwest, and G. H. Galbreath, Tulsa, member of the Board of Governors, are arranging the conference. W. A. Clarke, Philadelphia, will act as moderator. J. S. Corley of the investment department of the Bankers Life Co., Des Moines, will be Chairman at the farm mortgage conference.

"About 400 mortgage and commercial bankers, title and trust company officials, real estate men and Government agency executives are expected. Among the subjects to be discussed will be the current rise in farm land prices, the probable effect in the post-war period and the Gillette bill now in Congress which seeks to impose high taxes on profits from farm land sales made within short periods of time after purchase. The threat of more public housing, relaxation of restrictions on new building and the Federal Government's role in the mortgage field after the war will also be reviewed."

Weekly Coal And Coke Production Statistics

The Solid Fuels Administration for War, U. S. Department of the Interior, in its latest report, states that the total production of soft coal in the week ended April 8, 1944 is estimated at 12,020,000 net tons, an increase of 340,000 tons over the preceding week. The current figure, however, was 150,000 tons below that of the corresponding week in 1943. Cumulative production of soft coal from Jan. 1 to April 8, 1944 amounted to 174,502,000 tons, as against 169,753,000 tons in the same period last year, or a gain of 2.8%.

According to the U. S. Bureau of Mines, Pennsylvania anthracite output for the week ended April 8, 1944 was estimated at 1,128,000 tons, a decrease of 157,000 tons (12.2%) from the preceding week. When compared with the production in the corresponding week of 1943 there was a decrease of 202,000 tons, or 15.2%. The calendar year to date shows an increase of 2.4% when compared with the same period in 1943.

The Bureau of Mines also reported that the estimated output of beehive coke in the United States for the week ended April 8, 1944 showed an increase of 3,400 tons when compared with the production for the week ended April 1, 1944.

ESTIMATED UNITED STATES PRODUCTION OF COAL, IN NET TONS

	Week Ended			January 1 to Date		
Bituminous coal and lignite—	April 8, 1944	*April 1, 1944	April 10, 1943	†April 8, 1944	April 10, 1943	April 10, 1937
Total, incl. mine fuel	12,020,000	11,680,000	12,170,000	174,502,000	169,753,000	142,743,000
Daily average	2,003,000	2,086,000	2,028,000	2,070,000	2,009,000	1,697,000

*Revised. †Subject to current adjustment.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE

(In Net Tons)

	Week Ended			Calendar Year to Date		
Penn. anthracite—	§April 8, 1944	¶April 1, 1944	April 10, 1943	April 8, 1944	April 10, 1943	April 13, 1929
*Total incl. coll. fuel	1,128,000	1,285,000	1,330,000	17,811,000	17,388,000	20,730,000
†Commercial produc.	1,083,000	1,234,000	1,277,000	17,100,000	16,692,000	19,237,000
Byproduct coke— United States total	**	1,277,400	1,233,100	**	17,426,500	‡
Beehive coke— United States total	147,600	144,200	179,200	2,176,000	2,285,400	1,780,500

*Includes washery and dredge coal, and coal shipped by truck from authorized operation. †Excludes colliery fuel. ‡Comparable data not available. §Subject to revision. ¶Revised. **Data on weekly production of byproduct coke reported to the Bureau of Mines by producers, have been discontinued as of April 1, 1944 because this information is no longer needed by the war agencies.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES

(In Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended			
State—	April 1, 1944	March 25, 1944	April 3, 1943	April 3, 1937
Alabama	360,000	402,000	332,000	239,000
Alaska	5,000	5,000	6,000	2,000
Arkansas and Oklahoma	86,000	84,000	77,000	38,000
Colorado	180,000	179,000	135,000	125,000
Georgia and North Carolina	1,000	1,000	*	*
Illinois	1,303,000	1,496,000	1,398,000	933,000
Indiana	520,000	545,000	522,000	324,000
Iowa	50,000	46,000	57,000	75,000
Kansas and Missouri	192,000	173,000	155,000	159,000
Kentucky—Eastern	926,000	943,000	852,000	648,000
Kentucky—Western	297,000	319,000	266,000	203,000
Maryland	36,000	41,000	41,000	47,000
Michigan	6,000	5,000	3,000	4,000
Montana (bitum. & lignite)	96,000	79,000	76,000	49,000
New Mexico	38,000	40,000	33,000	32,000
North & South Dakota (lignite)	50,000	52,000	34,000	35,000
Ohio	636,000	609,000	609,000	390,000
Pennsylvania (bituminous)	2,871,000	2,746,000	2,666,000	1,772,000
Tennessee	142,000	160,000	129,000	106,000
Texas (bituminous & lignite)	4,000	5,000	3,000	14,000
Utah	123,000	121,000	120,000	57,000
Virginia	379,000	401,000	371,000	213,000
Washington	35,000	28,000	28,000	26,000
†West Virginia—Southern	2,150,000	2,270,000	2,050,000	1,249,000
‡West Virginia—Northern	1,002,000	940,000	865,000	430,000
Wyoming	191,000	184,000	168,000	71,000
§Other Western States	1,000	1,000	*	*
Total bituminous & lignite	11,680,000	11,875,000	10,996,000	7,241,000
¶Pennsylvania anthracite	1,285,000	1,223,000	1,342,000	1,092,000
Total, all coal	12,965,000	13,098,000	12,338,000	8,333,000

†Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason and Clay counties. ‡Rest of State, including the Panhandle District and Grant, Mineral and Tucker counties. §Includes Arizona, California, Idaho, Nevada and Oregon. ¶Data for Pennsylvania anthracite from published records of the Bureau of Mines. *Less than 1,000 tons.

Wholesale Commodity Index Advanced 0.1% In Week Ended April 8, Labor Dept. Reports

The general level of wholesale prices advanced 0.1% during the week ended April 8, according to the U. S. Department of Labor, which states that "most of this advance was due to higher prices for grains, eggs and apples." "The balance was accounted for by higher Federal excise taxes, particularly for alcohol, effective April 1," the Department said in its announcement of April 13, which further stated:

"The Bureau of Labor Statistics' index of primary market prices for nearly 900 series now stands at 103.7% of the 1926 level. The composite average is 0.3% above a month ago and 0.2% higher than the corresponding week in April, 1943.

"**Farm products and foods.** Reversing the seasonal declines of the past few weeks, average prices for eggs in primary markets rose nearly 3% during the first week in April. Prices were higher for the new crop of Texas onions coming onto the market. Price increases were also reported for most grains and oatmeal, for apples and white potatoes in most markets, and for same grades of foreign wools. Further declines were reported in prices for hogs and cotton, and quotations were lower for lemons, oranges, rye flour, and flaxseed. Average prices for farm products advanced 0.2% during the week, and price of foods rose 0.3%. Market prices for farm products were 0.6% higher than a month ago and food prices were up by 0.4%. Compared with a year ago, market prices for farm products were 0.2% lower, and food prices were down nearly 3%.

"**Industrial commodities.** An increase of $5.70 per gallon in the Federal tax for alcohol caused the index of chemicals and allied products to advance 5%. Quotations for goatskins, sand lime brick, and turpentine were also higher. Except for these changes, markets for other major industrial products continued unchanged at the level of the past few months."

The following notation is contained in the Department's announcement:

Note—During the period of rapid changes caused by price controls, materials allocation, and rationing, the Bureau of Labor Statistics will attempt promptly to report changing prices. Indexes marked (*), however, must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports. .

The following tables show (1) index numbers for the principal groups of commodities for the past three weeks, for March 11, 1944, and April 10, 1943, and the percentage changes from a week ago, a month ago, and a year ago, and (2) percentage changes in subgroup indexes from April 1 to April 8, 1944.

WHOLESALE PRICES FOR WEEK ENDED APRIL 8, 1944

(1926=100)

						Percentage change to April 8, 1944 from—		
Commodity Groups—	4-8 1944	4-1 1944	3-25 1944	3-11 1944	4-10 1943	4-1 1944	3-11 1944	4-10 1943
All commodities	*103.7	*103.6	*103.7	*103.4	103.5	+0.1	+0.3	+ 0.2
Farm products	*124.1	*123.9	*124.6	*123.4	124.3	+0.2	+0.6	— 0.2
Foods	105.0	104.2	104.5	104.6	107.9	+0.8	+0.4	— 2.7
Hides and leather products	117.6	117.5	117.5	117.6	118.4	+0.1	0	— 0.7
Textile products	97.3	97.3	97.3	97.3	96.9	0	0	+ 0.4
Fuel and lighting materials	*83.6	*83.6	*83.6	*83.6	81.1	0	0	+ 3.1
Metals and metal products	*103.8	*103.8	*103.8	*103.8	103.9	0	0	— 0.1
Building materials	114.7	114.6	114.6	113.7	110.3	+0.1	+0.9	+ 4.0
Chemicals and allied products	105.4	100.4	100.4	100.4	100.1	+5.0	+5.0	+ 5.3
Housefurnishing goods	105.9	105.9	105.9	105.9	104.2	0	0	+ 1.6
Miscellaneous commodities	93.3	93.3	93.3	93.3	91.3	0	0	+ 2.2
Raw materials	*113.6	*113.5	*114.0	*113.3	112.7	+0.1	+0.3	+ 0.8
Semimanufactured articles	93.5	93.5	93.5	93.5	93.0	0	0	+ 0.5
Manufactured products	*100.9	*100.7	*100.7	*100.6	100.8	+0.2	+0.3	+ 0.1
All commodities other than farm products	*99.4	*99.2	*99.2	*99.2	99.0	+0.2	+0.2	+ 0.4
All commodities other than farm products and foods	*98.5	*98.3	*98.3	*98.2	96.7	+0.2	+0.3	+ 1.9

*Preliminary.

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM APRIL 1, 1944 TO APRIL 8, 1944

Increases			
Drugs and pharmaceuticals	33.2	Grains	0.2
Fruits and vegetables	3.9	Hides and skins	0.2
Other farm products	1.5	Brick and tile	0.1
Other foods	0.4	Paint and paint materials	0.1
Decreases			
Livestock and poultry	1.8	Anthracite	0.1

Non-Ferrous Metals—March Copper Production And Deliveries To Domestic Consumers Higher

"E. & M. J. Metal and Mineral Markets," in its issue of April 13, stated: "Copper and zinc statistics for March were released during the last week and the figures confirmed earlier reports that both metals were absorbed by consumers at a high rate. Though shipments of copper did not establish a new record, production was maintained at a higher level than anticipated. New production, as at Morenci, is a factor that tends to support the production curve even though manpower problems are increasing. So far as prices were concerned, the only change recorded last week was in St. Joe chemical lead, which will take the full ceiling price beginning June 1." The publication further went on to say in part as follows:

Copper

The March statistics of the Copper institute are summarized in tons as follows:

Production:	March	February
Crude	101,210	*96,263
Refined	99,118	87,128
Deliveries, domestic	156,083	124,532
†Stocks, refined	37,259	36,489

*Corrected. †Does not include consumers' stocks or metal held by the Government.

Deliveries were the third largest on record, and, according to trade experts, the March figure would have been larger had all of the foreign metal earmarked for shipment to consumers been available. This delay, however, should be reflected in larger April deliveries. There appears to be no question about April and May being months of high activity in copper. Imports of copper are being maintained and will be needed to keep the stockpile from shrinkage.

Zinc

Shipments of zinc increased sharply during March, with the result that the gain in stocks amounted to only 1,473 tons, a smaller quantity than most producers anticipated. Shipments, covering all grades, came to 84,558 tons in March, a new high, which compares with 62,696 tons in February and 76,033 tons in March last year. Stocks at the end of March totaled 212,766 tons, the American Zinc Institute's figures indicate, against 211,293 tons a month previous and 105,766 tons a year ago.

Production of slab zinc also increased during March, attaining the all-time peak of 86,031 tons, or a daily rate of 2,775 tons.

The zinc statistics for February and March, in tons, follow:

	March	February
Production	86,031	*79,894
Production, daily rate	2,775	*2,755
Shipments:		
Domestic	83,231	*61,238
Export and drawback	1,327	1,458
	84,558	*62,696
Stock at end	212,766	*211,293
Unfilled orders	†32,519	48,350

*Revised. †Adjusted to eliminate previously reported tonnage improperly classified.

In view of the fact that WPB now permits monthly shipments of zinc to cover at least a part of the following month's approved needs of consumers, the industry was not greatly concerned over the full extent of the gain in shipments. Actual consumption of zinc for March was estimated roughly between 70,000 and 75,000 tons. Anticipatory buying will make it more difficult to interpret statistics on a month-to-month basis.

Lead

Interest in lead centered in an announcement by St. Joseph Lead Co. that it plans to restore the $2 a ton premium on chemical lead on sales made for shipment on and after June 1, 1944 to points east of St. Louis. The St. Louis basis remains unchanged at 6.40¢, but Chicago will take the 6.50¢ price, New York 6.60¢, and New England 6.65¢. The $2 premium conforms with the OPA ceiling for chemical lead. The price situation in common was unchanged, quotations continuing at 6.35¢, St. Louis, and 6.50¢, New York.

Sales of lead for the last week totaled 6,262 tons, against 5,943 tons in the preceding week. Consumers have been asked by WPB to estimate their requirements on a quarterly basis, which accounts for a little delay in buying against May need.

Tin

The market situation in tin in the United States remains unchanged. Quotations continue on the basis of 52¢ a pound for Grade A or Straits quality metal. Shipment quotations follow:

	April	May	June
April 6	52.000	52.000	52.000
April 7	52.000	52.000	52.000
April 8	52.000	52.000	52.000
April 10	52.000	52.000	52.000
April 11	52.000	52.000	52.000
April 12	52.000	52.000	52.000

Chinese, or 99% tin, continued at 51.125¢ all week.

Aluminum

Shipments of aluminum fabricated products during January totaled 215,700,000 pounds, a new peak, the Aluminum-Magnesium Division of WPB reports. This compares with 190,400,000 pounds in December, 1943, and 160,500,000 pounds in January, last year.

Quicksilver

Trade authorities estimate that consumption of quicksilver so far this year has been at the rate of between 35,000 and 40,000 flasks a year. Though production has declined, much uncertainty still exists in the minds of consumers on whether the prevailing price level may not bring out more metal than is necessary. Quotations continued at $130 to $135 per flask, New York. Producers have been accumulating metal, whereas consumers and dealers are carrying smaller stocks.

Production and consumption figures issued by the Bureau of Mines, in flasks of 76 pounds each:

1943:	Production	Consumption
January	4,200	4,500
February	3,900	4,700
March	4,600	4,900
April	4,600	5,500
May	4,200	5,600
June	4,100	4,700
July	4,300	4,700
August	4,500	4,900
September	4,500	4,100
October	5,200	3,800
November	5,000	3,900
December	4,200	3,200
1944:		
January	4,400	3,400
February	3,800	3,700

Silver

The London market was quiet and steady at 23½d. The New York Official for foreign silver continued at 44¾¢, with domestic newly-mined at 70⅝¢.

U. S. Gold Production

Production of gold in the United States in February amounted to 97,976 ounces, against 88,131 ounces in January, and 117,739 ounces in February last year, according to the American Bureau of Metal Statistics.

Daily Prices

The daily price of electrolytic copper (domestic and export refinery), lead, zinc and Straits tin were unchanged from those appearing in the "Commercial and Financial Chronicle" of July 31, 1942, page 380.

Lumber Movement—Week Ended April 1, 1944

According to the National Lumber Manufacturers Association, lumber shipments of 498 mills reporting to the National Lumber Trade Barometer were 2.7% above production for the week ended April 8, 1944. In the same week new orders of these mills were 8.2% greater than production. Unfilled order files of the reporting mills amounted to 119% of stocks. For reporting softwood mills, unfilled orders are equivalent to 41 days' production at the current rate, and gross stocks are equivalent to 39 days' production.

For the year-to-date, shipments of reporting identical mills exceeded production by 8.7%; orders by 16.4%.

Compared to the average corresponding week of 1935-39, production of reporting mills was 39.6% greater; shipments were 41% greater, and orders were 45% greater.

Daily Average Crude Oil Production For Week Ended April 8, 1944 Increased 32,850 Barrels

The American Petroleum Institute estimates that the daily average crude oil production for the week ended April 8, 1944 was 4,416,100 barrels, an increase of 32,850 barrels per day over the preceding week and 467,150 barrels per day in excess of the output for the corresponding week last year. The current figure, however, was 25,400 barrels per day below the daily average figure recommended by the Petroleum Administration for War for the month of April, 1944. Daily production for the four weeks ended April 8, 1944 averaged 4,392,300 barrels. Further details as reported by the Institute follow.

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 4,354,000 barrels of crude oil daily and produced 13,161,000 barrels of gasoline; 1,434,000 barrels of kerosine; 4,702,000 barrels of distillate fuel oil, and 8,541,000 barrels of residual fuel oil during the week ended April 8, 1944; and had in storage at the end of that week 88,011,000 barrels of gasoline; 6,667,000 barrels of kerosine; 30,478,000 barrels of distillate fuel, and 51,072,000 barrels of residual fuel oil. The above figures apply to the country as a whole, and do not reflect conditions on the East Coast.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*P. A. W. Recommendations April	*State Allowables begin. Apr. 1	Actual Production Week Ended Apr. 8, 1944	Change from Previous Week	4 Weeks Ended Apr. 8, 1944	Week Ended Apr. 10, 1943
Oklahoma	328,000	328,000	†330,800	— 200	330,200	344,100
Kansas	285,000	269,600	†257,350	—12,650	271,400	309,300
Nebraska	1,000		†1,200	— 50	1,300	2,200
Panhandle Texas			91,100	— 1,750	92,400	91,000
North Texas			143,850	+ 1,250	142,900	134,950
West Texas			374,000	+33,100	349,200	214,250
East Central Texas			127,250	+10,650	119,300	99,700
East Texas			362,300	— 2,800	364,400	319,800
Southwest Texas			293,050	+ 1,550	291,900	188,500
Coastal Texas			518,800	+ 5,000	515,000	340,550
Total Texas	1,916,000	‡1,918,794	1,910,350	+47,000	1,875,100	1,388,750
North Louisiana			76,000	— 900	76,300	88,950
Coastal Louisiana			282,500	— 1,450	283,600	257,900
Total Louisiana	347,700	374,700	358,500	— 2,350	359,900	346,850
Arkansas	76,700	78,591	79,200	+ 100	79,400	71,250
Mississippi	45,000		41,400	+ 100	40,700	55,000
Alabama			100	----	50	----
Florida			50	----	50	----
Illinois	215,000		224,450	+ 8,350	216,200	268,800
Indiana	13,600		14,900	+ 1,150	13,500	15,950
Eastern— (Not incl. Ill., Ind., Ky.)	72,400		79,200	— 7,350	79,400	75,200
Kentucky	23,000		20,200	— 1,000	20,700	17,000
Michigan	53,000		48,850	— 2,950	51,300	60,800
Wyoming	93,000		90,750	+ 4,000	90,800	89,900
Montana	24,000		21,500	----	21,100	20,250
Colorado	7,000		8,700	+ 500	8,200	6,300
New Mexico	111,700	111,700	112,900	----	112,900	97,300
Total East of Calif.	3,612,100		3,590,700	+34,650	3,564,900	3,168,950
California	829,400	§829,400	825,400	— 1,800	827,500	780,000
Total United States	4,441,500		4,416,100	+32,850	4,392,300	3,948,950

*P.A.W. recommendations and state allowables, as shown above, represent the production of crude oil only, and do not include amounts of condensate and natural gas derivatives to be produced.

†Oklahoma, Kansas, Nebraska figures are for week ended 7:00 a.m. April 6, 1944.

‡This is the net basic allowable as of April 1 calculated on a 31-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 3 to 19 days, the entire state was ordered shut down for 7 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 7 days shutdown time during the calendar month. §Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED APRIL 8, 1944

(Figures in Thousands of barrels of 42 Gallons Each)

Figures in this section include reported totals plus an estimate of unreported amounts and are —therefore on a Bureau of Mines basis—

District—	Daily Refining Capacity Potential Rate	Daily Refining Capacity % Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	§Gasoline Production at Refineries Includ. Natural Blended	‡Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuel Oil	‡Stocks of Residual Fuel Oil
*Combin'd: East Coast Texas Gulf, Louisiana Gulf, North Louisiana-Arkansas, and inland Texas	2,518	90.3	2,300	91.3	6,412	38,216	14,911	16,173
Appalachian— District No. 1	130	83.9	83	63.8	266	2,109	868	210
District No. 2	47	87.2	51	108.5	154	1,180	346	118
Ind., Ill., Ky.	824	85.2	698	94.7	2,535	20,824	4,631	2,665
Okla., Kans., Mo.	416	80.1	334	80.3	1,233	8,277	1,488	1,273
Rocky Mountain— District No. 3	8	26.9	10	125.0	29	73	20	30
District No. 4	141	58.3	95	67.4	311	2,128	369	538
California	817	89.9	783	95.8	2,221	15,204	7,845	30,065
Total U. S. B. of M. basis April 8, 1944	4,901	87.3	4,354	88.8	13,161	†88,011	30,478	51,072
Total U. S. B. of M. basis April 1, 1944	4,901	87.3	4,435	90.5	13,824	89,162	30,530	51,326
U. S. Bur. of Mines basis April 10, 1943			3,680		10,091	93,410	30,970	67,234

*At the request of the Petroleum Administration for War. †Finished, 76,581,000 barrels; unfinished, 11,430,000 barrels. ‡At refineries, at bulk terminals, in transit and in pipe lines. §Not including 1,434,000 barrels of kerosine, 4,702,000 barrels of gas oil and distillate fuel oil and 8,541,000 barrels of residual fuel oil produced during the week ended April 8, 1944, which compares with 1,638,000 barrels, 4,450,000 barrels and 8,367,000 barrels, respectively in the preceding week and 1,474,000 barrels, 3,884,000 barrels and 7,644,000 barrels, respectively, in the week ended April 10, 1943.

Note—Stocks of kerosine at April 8, 1944 amounted to 6,667,000 barrels, as against 6,703,000 barrels a week earlier, and 5,005,000 barrels a year before.

Trading On New York Exchanges

The Securities and Exchange Commission made public on April 8 figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Mar. 25, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Mar. 25, (in round-lot transactions) totaled 2,427,004 shares, which amount was 16.81% of the total transactions on the Exchange of 7,220,390 shares. This compares with member trading during the week ended Mar. 18 of 2,485,268 shares, or 15.36% of the total trading of 8,090,730 shares. On the New York Curb Exchange, member trading during the week ended Mar. 25 amounted to 364,255 shares, or 14.30% of the total volume on that exchange of 1,273,965 shares; during the Mar. 18 week trading for the account of Curb members of 450,100 shares was 14.76% of total trading of 1,525,315 shares.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED MARCH 25, 1944

	Total for Week	†%
A. Total Round-Lot Sales:		
Short sales	178,260	
‡Other sales	7,042,130	
Total sales	7,220,390	
B. Round-Lot Transactions for Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	582,890	
Short sales	71,410	
‡Other sales	513,540	
Total sales	584,950	8.09
2. Other transactions initiated on the floor—		
Total purchases	429,830	
Short sales	26,650	
‡Other sales	409,800	
Total sales	436,450	6.00
3. Other transactions initiated off the floor—		
Total purchases	178,519	
Short sales	16,900	
‡Other sales	197,465	
Total sales	214,365	2.72
4. Total—		
Total purchases	1,191,239	
Short sales	114,960	
‡Other sales	1,120,805	
Total sales	1,235,765	16.81

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED MARCH 25, 1944

	Total for Week	†%
A. Total Round-Lot Sales:		
Short sales	20,790	
‡Other sales	1,253,175	
Total sales	1,273,965	
B. Round-Lot Transactions for Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	94,745	
Short sales	8,360	
‡Other sales	110,635	
Total sales	118,995	8.39
2. Other transactions initiated on the floor—		
Total purchases	28,575	
Short sales	3,000	
‡Other sales	36,600	
Total sales	39,600	2.68
3. Other transactions initiated off the floor—		
Total purchases	41,840	
Short sales	2,000	
‡Other sales	38,500	
Total sales	40,500	3.23
4. Total—		
Total purchases	165,160	
Short sales	13,360	
‡Other sales	185,735	
Total sales	199,095	14.30
C. Odd-Lot Transactions for Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	55,599	
Total purchases	55,599	
Total sales	39,017	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†In calculating these percentages the total of members' purchases and sales is compared with twice the total round-lot volume on the Exchange for the reason that the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission's rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

Hull Views Russia's Repudiation Of Territorial Ambitions In Rumania As Highly Significcant

The assertion was made on April 3 by Secretary of State Hull that Russia's recent official repudiation of territorial ambitions in Rumania constitutes assurance to the Rumanian people "that the main business of the armies of Soviet Russia is to defeat the enemy in the field."

After Secretary Hull had indorsed the Russian announcement by Foreign Commissar V. M. Molotov on April 3, it was disclosed, said Associated Press advices from Washington April 3, that the United States was informed in advance that the statement was to be made. In response to a request for press conference comment, the Associated Press reported Mr. Hull as saying:

"The political assurances which the statement contains should help the Rumanians to see that their own ultimate interests will require that German forces be driven from their country."

The text of a broadcast from Moscow on the Russian Army's entry into Rumania proper, as given in United Press advices from London April 2, follows:

On the evening of April 2, Foreign Commissar Molotoff received the representatives of the foreign press and, in the name of the Soviet Government, made the following statement:

"The Red Army, as the result of a successful offensive, has reached the Prut River, which is the state frontier between the Union of Soviet Socialist Republics and Rumania. Thus, the beginnings have been made in the full reestablishment of the Soviet state frontier as fixed in 1940 in accordance with the agreement between Soviet Russia and Rumania.

"This agreement had been treacherously violated by the Rumanian Government, in alliance with Hitlerite Germany. At present, the Red Army is carrying out the clearance of Soviet territory of all the enemy still there, and the time is not far when the entire Soviet frontier with Rumania will be completely restored.

"The Soviet Government declares herewith that advancing units of the Red Army, pursuing the German armies and their allied Rumanian troops, have crossed in several sectors the Prut River and have entered Rumanian territory.

"The Supreme Command of the Red Army has given the order to advancing Soviet troops to pursue the enemy until his final rout and capitulation.

"Simultaneously, the Soviet Government declares it does not pursue the aim of acquiring Rumanian territory or of altering the existing social structure of Rumania. The entry of Soviet troops into the boundaries of Rumania is dictated exclusively by military necessities and the continuing resistance of enemy troops."

It was disclosed in London April 3, said the Associated Press, that Mr. Molotov's statement announcing the advance of the Russian armies into Rumania and disclaiming Soviet territorial ambitions was made "after consultation and agreement with the British Government."

Concurrently with the expression of Secretary Hull's views on April 3 Foreign Economic Administrator Leo T. Crowley predicted that the Red Army's new drive could cripple Germany's war-making potential by cutting her supply lines to the rich oil fields and other vital resources in the Balkans.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on April 8 a summary for the week ended April 1 of complete figures showing the daily volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handled odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE

Week Ended April 1, 1944

	Total for Week
Odd-Lot Sales by Dealers (Customers' purchases)	
Number of orders	19,444
Number of shares	547,707
Dollar value	$20,757,642
Odd-Lot Purchases by Dealers— (Customers' sales)	
Number of Orders:	
Customers' short sales	248
*Customers' other sales	18,739
Customers' total sales	18,987
Number of Shares:	
Cutsomers' short sales	8,422
*Customers' other sales	503,731
Customers' total sales	512,153
Dollar value	$17,504,364
Round-Lot Sales by Dealers—	
Number of Shares:	
Short sales	50
†Other sales	143,570
Total sales	143,620
Round-Lot Purchases by Dealers:	
Number of shares	178,190

*Sales marked "short exempt" are reported with "other sales."

†Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Revenue Freight Car Loadings During Week Ended April 8, 1944 Increased 1,799 Cars

Loading of revenue freight for the week ended April 8, 1944, totaled 789,324 cars, the Association of American Railroads announced on April 14. This was an increase above the corresponding week of 1943 of 305 cars, or 0.03%, but a decrease below the same week in 1942 of 24,772 cars or 3%.

Loading of revenue freight for the week of April 8 increased 1,799 cars, or 0.2% above the preceding week.

Miscellaneous freight loading totaled 375,770 cars, a decrease of 7,987 cars below the preceding week, and a decrease of 5,647 cars below the corresponding week in 1943.

Loading of merchandise less than carload lot freight totaled 108,604 cars, a decrease of 401 cars below the preceding week, but an increase of 9,085 cars above the corresponding week in 1943.

Coal loading amounted to 168,647 cars, an increase of 2,813 cars above the preceding week, but a decrease of 5,184 cars below the corresponding week in 1943.

Grain and grain products loading totaled 40,117 cars, a decrease of 993 cars below the preceding week and a decrease of 1,842 cars below the corresponding week in 1943. In the Western Districts alone, grain and grain products loading for the week of April 8 totaled 27,016 cars, a decrease of 538 cars below the preceding week and a decrease of 1,806 cars below the corresponding week in 1943.

Live stock loading amounted to 14,182 cars, a decrease of 277 cars below the preceding week, but an increase of 417 cars above the corresponding week in 1943. In the Western Districts alone loading of live stock for the week of April 8, totaled 10,299 cars, a decrease of 188 cars below the preceding week, and a decrease of 281 cars below the corresponding week in 1943.

Forest products loading totaled 45,741 cars, an increase of 4,622 cars above the preceding week and an increase of 3,082 cars above the corresponding week in 1943.

Ore loading amounted to 21,310 cars, an increase of 3,866 cars above the preceding week and an increase of 114 cars above the corresponding week in 1943.

Coke loading amounted to 14,953 cars, an increase of 156 cars above the preceding week, and an increase of 280 cars above the corresponding week in 1943.

All districts reported increases compared with the corresponding week in 1943 except the Eastern, Pocahontas and Southern. All districts reported decreases compared with 1942 except the Centralwestern and the Southwestern.

	1944	1943	1942
5 Weeks of January	3,796,477	3,531,811	3,858,479
4 weeks of February	3,159,492	3,055,725	3,122,942
4 weeks of March	3,135,155	3,073,445	3,174,781
Week of Apjril 1	787,525	772,102	829,038
Week of April 8	789,324	789,019	814,096
Total	11,667,973	11,222,102	11,799,336

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended April 8, 1944. During the period 65 roads showed increases when compared with the corresponding week a year ago.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS) WEEK ENDED APRIL 8

Railroads	Total Revenue Freight Loaded 1944	1943	1942	Total Loads Received from Connections 1944	1943
Eastern District—					
Ann Arbor	245	292	593	1,538	1,356
Bangor & Aroostook	2,436	2,305	2,420	289	228
Boston & Maine	6,801	6,146	8,269	16,648	15,813
Chicago, Indianapolis & Louisville	1,222	1,496	1,404	2,032	2,026
Central Indiana	31	36	26	36	53
Central Vermont	1,104	974	1,204	2,366	2,335
Delaware & Hudson	5,749	6,482	6,400	13,347	12,270
Delaware, Lackawanna & Western	7,210	7,532	8,164	11,531	11,090
Detroit & Mackinac	252	246	275	98	92
Detroit, Toledo & Ironton	1,582	1,597	2,151	1,271	1,461
Detroit & Toledo Shore Line	337	322	379	2,871	3,004
Erie	13,006	12,225	14,078	17,670	19,344
Grand Trunk Western	3,724	3,671	4,557	9,017	8,906
Lehigh & Hudson River	181	197	215	3,199	3,660
Lehigh & New England	1,718	2,055	2,210	1,588	1,594
Lehigh Valley	8,080	7,324	8,860	16,613	15,088
Maine Central	2,137	2,437	2,539	4.047	3.890
Monongahela	6,596	6,683	6,950	343	402
Montour	2,542	2,681	2,253	29	31
New York Central Lines	45,977	53,045	47,102	55,254	49,950
N. Y., N. H. & Hartford	10,143	9,851	11,917	20,784	19,905
New York, Ontario & Western	1,032	929	956	3,580	2,199
New York, Chicago & St. Louis	6,148	6,014	7,360	16,771	16,418
N. Y., Susquehanna & Western	440	576	555	2,377	2,353
Pittsburgh & Lake Erie	8,042	7,817	8,389	7,568	8,420
Pere Marquette	4,725	4,907	5,473	7,797	7,604
Pittsburg & Shawmut	729	943	639	21	14
Pittsburg, Shawmut & North	280	342	441	268	280
Pittsburgh & West Virginia	628	833	947	2,747	4,638
Rutland	375	330	487	1,064	947
Wabash	5,469	5,525	5,526	12,241	13,104
Wheeling & Lake Erie	5,170	4,990	5,642	4,390	6,990
Total	154,320	160,803	168,381	239,395	235,465
Allegheny District—					
Akron, Canton & Youngstown	674	843	650	1,316	1,367
Baltimore & Ohio	42,458	41,262	40,634	29,143	28,531
Bessemer & Lake Erie	3,047	2,942	4,497	1,808	1,785
Buffalo Creek & Gauley	*343	290	284	*7	3
Cambria & Indiana	1,692	1,872	1,818	6	22
Central R. R. of New Jersey	6,717	7,258	7,721	20,717	21,784
Cornwall	593	315	672	62	97
Cumberland & Pennsylvania	233	311	312	15	13
Ligonier Valley	122	118	132	30	41
Long Island	1,180	1,439	798	3,876	4,248
Penn-Reading Seashore Lines	1,763	1,647	1,664	2,726	3,231
Pennsylvania System	80,103	78,706	80,186	66,311	61,195
Reading Co.	13,685	15,438	15,809	29,735	30,992
Union (Pittsburgh)	20,210	20,325	20,466	4,236	4,476
Western Maryland	4,400	4,267	4,533	13,662	14,796
Total	177,220	177,033	180,176	173,650	172,581
Pocahontas District—					
Chesapeake & Ohio	27,769	29,644	28,946	14,092	12,907
Norfolk & Western	21,218	23,143	23,381	7,333	7,292
Virginian	4,177	5,099	4,647	2,464	2,014
Total	53,164	57,886	56,974	23,889	22,213
Southern District—					
Alabama, Tennessee & Northern	368	328	361	395	320
Atl. & W. P.—W. R. R. of Ala	852	892	909	2,509	2,705
Atlanta, Birmingham & Coast	671	703	696	1,633	1,564
Atlantic Coast Line	13,458	15,444	13,835	11,486	11,308
Central of Georgia	3,952	4,399	4,415	4,904	5,090
Charleston & Western Carolina	423	470	429	2,025	1,782
Clinchfield	1,643	1,678	1,694	3,010	3,052
Columbus & Greenville	282	337	328	193	221
Durham & Southern	123	116	163	828	464
Florida East Coast	3,421	2,894	2,694	2,014	2,083
Gainesville Midland	38	44	50	174	149
Georgia	1,384	1,786	1,550	2,684	2,665
Georgia & Florida	417	357	426	723	837
Gulf, Mobile & Ohio	4,163	3,803	4,082	4,599	5,574
Illinois Central System	27,552	25,759	27,301	18,114	16,818
Louisville & Nashville	24,673	25,579	26,708	12,181	11,905
Macon, Dublin & Savannah	218	195	172	1,022	930
Mississippi Central	213	223	186	754	507
Nashville, Chattanooga & St. L.	3,267	3,173	3,174	4,543	5,766
Norfolk Southern	950	1,123	1,295	1,885	1,458
Piedmont Northern	404	357	476	1,432	1,421
Richmond, Fred. & Potomac	435	459	553	11,798	10,988
Seaboard Air Line	10,832	11,456	11,591	9,380	8,892
Southern System	23,795	22,607	25,444	25,601	23,482
Tennessee Central	736	509	736	752	899
Winston-Salem Southbound	153	114	122	1,106	923
Total	124,423	124,805	129,390	125,745	121,803
Northwestern District—					
Chicago & North Western	16,754	17,665	20,176	13,803	12,352
Chicago Great Western	2,609	2,629	2,596	3,585	3,062
Chicago, Milw., St. P. & Pac.	19,130	18,671	20,152	10,387	10,361
Chicago, St. Paul, Minn. & Omaha	2,959	3,033	3,288	4,301	3,905
Duluth, Missabe & Iron Range	2,488	1,434	11,229	139	231
Duluth, South Shore & Atlantic	650	465	525	618	568
Elgin, Joliet & Eastern	9,295	8,460	9,890	12,044	10,668
Ft. Dodge, Des Moines & South	391	452	617	88	127
Great Northern	13,283	10,134	17,382	5,464	5,988
Green Bay & Western	504	441	552	942	859
Lake Superior & Ishpeming	748	623	1,839	63	39
Minneapolis & St. Louis	1,992	1,895	2,054	2,584	2,388
Minn., St. Paul & S. S. M.	5,509	4,551	6,919	3,806	3,079
Northern Pacific	10,072	8,688	10,609	5,499	5,542
Spokane International	99	86	138	611	612
Spokane, Portland & Seattle	2,686	2,295	2,718	3,115	3,152
Total	89,169	81,522	110,684	67,049	62,933
Central Western District—					
Atch., Top. & Santa Fe System	21,761	21,700	20,158	12,409	11,952
Alton	2,765	2,841	3,456	4,281	3,997
Bingham & Garfield	503	550	610	80	83
Chicago, Burlington & Quincy	18,627	18,164	15,229	12,157	12,938
Chicago & Illinois Midland	3,240	3,244	2,734	928	817
Chicago, Rock Island & Pacific	11,244	12,313	9,753	13,207	13,736
Chicago & Eastern Illinois	2,541	2,653	2,431	6,305	6,092
Colorado & Southern	716	709	835	1,982	2,031
Denver & Rio Grande Western	3,363	3,113	2,547	6,182	5,186
Denver & Salt Lake	758	564	308	30	10
Fort Worth & Denver City	868	1,004	805	1,338	2,209
Illinois Terminal	2,138	1,814	1,819	2,049	2,007
Missouri-Illinois	1,029	1,042	1,267	499	485
Nevada Northern	1,710	1,954	1,936	118	121
North Western Pacific	777	913	999	766	704
Peoria & Pekin Union	10	9	7	0	0
Southern Pacific (Pacific)	20,041	27,252	27,264	15,406	14,256
Toledo, Peoria & Western	290	237	246	2,142	1,649
Union Pacific System	15,291	12,866	15,002	17,331	15,760
Utah	469	581	366	5	2
Western Pacific	1,792	1,613	2,095	4,250	3,910
Total	118,933	115,136	109,867	101,465	97,945
Southwestern District—					
Burlington-Rock Island	206	1,035	129	249	242
Gulf Coast Lines	7,015	5,969	4,717	2,801	2,588
International-Great Northern	2,049	2,149	1,961	4,166	3,954
Kansas, Oklahoma & Gulf	285	386	256	1,115	1,052
Kansas City Southern	6,275	5,087	4,353	2,942	3,917
Louisiana & Arkansas	3,287	3,562	2,936	2,466	3,039
Litchfield & Madison	352	269	370	1,189	1,035
Midland Valley	683	525	453	483	307
Missouri & Arkansas	202	165	183	286	454
Missouri-Kansas-Texas Lines	6,441	5,898	5,428	4,983	7,213
Missouri Pacific	15,610	16,358	14,538	21,129	18,155
Quanah Acme & Pacific	124	53	124	367	288
St. Louis-San Francisco	8,129	8,703	7,602	9,595	8,330
St. Louis Southwestern	2,967	3,136	2,755	7,003	5,831
Texas & New Orleans	12,272	14,066	9,033	5,657	6,000
Texas & Pacific	6,090	4,335	3,663	7,985	8,110
Weatherford M. W. & N. W.	76	113	94	85	24
Wichita Falls & Southern	32	20	29	24	32
Total	72,095	71,834	58,624	72,525	70,571

*Previous week's figure.

Note—Previous year's figures revised.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period 1944—Week Ended	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity Current	Cumulative
Jan. 1	121,212	92,328	589,815	63	93
Jan. 8	160,567	138,381	612,043	86	86
Jan. 15	153,097	146,596	614,215	93	90
Jan. 22	131,940	140,457	602,930	93	91
Jan. 29	145,735	147,423	597,011	95	92
Feb. 5	185,069	151,102	628,048	97	93
Feb. 12	154,797	151,870	630,449	97	94
Feb. 19	130,252	148,533	609,429	96	94
Feb. 26	151,980	139,044	621,875	93	94
March 4	178,375	146,926	650,606	95	94
March 11	152,627	144,761	655,682	95	94
March 18	136,105	150,940	639,537	95	94
March 25	125,806	147,604	613,978	97	94
April 1	138,724	141,959	607,537	93	94
April 8	179,056	144,422	635,727	94	94

Notes—Unfilled orders of the prior week, plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

Higher Prices Show Little Effect On Circulation Of Newspapers, ANPA Says

Reporting that the public demand for newspapers is so great the American Newspaper Publishers Association on April 14 indicated that most of the papers which had increased their prices last year had either suffered no loss in circulation or had regained temporary losses which followed the price rises. Only the paper shortage kept circulations from soaring to new highs, the ANPA said, according to the New York "Times" of April 15, which went on to say:

"Of 1,216 newspapers replying to a nation-wide questionnaire, 556 said they had increased prices in one or more circulation classifications during 1943. In 113 instances circulation remained virtually static following the price increase, while 120 papers reported circulation gains, ranging to a high of 29%, after the price boosts.

"Circulation fell of 5% or less on 145 papers after they increased their prices. Of these, 75 later recovered all circulation losses, including 48 whose gains continued upward until they passed previous levels, in some cases by as much as 25%. Twenty-six newspapers sustained circulation losses ranging from 6 to 9% after boosting their prices, ten papers had their circulation cut 10 to 14%, and three suffered losses of 15 to 18%, but most of these reported subsequent recoveries, the ANPA said.

"Typical comment from publishers who answered the questionnaire was that circulations would have risen rapidly except for the War Production Board's newsprint curtailment order.

"At the end of March newspapers had an average of 48 days' supply of paper on hand, compared with 54 days' supply at the end of February."

FDR In South For Two Weeks

Announcement that President Roosevelt had left Washington for a two-weeks' sojourn in the South was made in a White House statement on April 10, which indicated that "he will devote himself exclusively to relaxation out-of-doors." The President, who has in recent weeks been suffering from colds which have at times kept him in his study, has been urged recently by his physician, Vice-Admiral Ross T. McIntire, to absent himself from his office and devote himself to overcoming the effects of his colds.

The White House statement, given out by the White House Secretary, Stephen Early, follows:

"The President has left Washington for the South and will be away approximately two weeks unless some unexpected emergency arises which would compel him to return at an earlier date.

"The President was accompanied by Admiral William D. Leahy, his personal chief of staff; Vice-Admiral Ross T. McIntire, Surgeon-General of the Navy and physician to the President; Rear Admiral Wilson Brown, Naval Aid, and Major-Gen. Edwin M. Watson, Military Aid and Secretary.

"Except for the work that is always carried on between the White House and the President regardless of his whereabouts or the distance he may be from Washington, he will devote himself exclusively to relaxation out-of-doors, in fresh air and sunshine.

"Correspondents for the Associated Press, the United Press Association, and the International News Service regularly assigned to cover the President also have left Washington. For reasons of security, however, the news reports of these correspondents will not be published until the President has returned to Washington."

Items About Banks, Trust Companies

At a meeting of the Board of Directors of Bankers Trust Co. of New York on April 18, the following officers were elected: F. W. Boehm, Assistant Vice-President, formerly Assistant Treasurer; J. H. Millikin, Assistant Vice-President, formerly Assistant Secretary; H. M. Eddy, Trust Officer, formerly Assistant Trust Officer; Arthur Gardner, Trust Officer, formerly Assistant Trust Officer; R. W. Hemminger, Trust Officer, formerly Asst. Trust Officer; William McKinley, Trust Officer, formerly Assistant Trust Officer; L. W. Pritchett, Trust Officer, formerly Assistant Trust Officer; J. R. Milligan, Trust Officer; S. M. Ensinger, W. F. Finley, Jr., D. J. Giles, Assistant Trust Officers; M. E. Beck, F. R. Begen, L. L. Bleecker, H. F. Dobbin, W. N. Fulkerson, Jr., Assistant Treasurers.

William F. C. Ewing, First Vice-President, Treasurer and Director of Alexander Smith & Sons Carpet Co., was elected a member of the Board of Trustees of Central Hanover Bank and Trust Co., New York, at a regular meeting of the Board held on April 18. A great-grandson of the founder of the carpet company, Mr. Ewing has devoted his entire business career to that company. He is also a trustee of Atlantic Mutual Insurance Co.; member of the Advisory Committee of the Wool Floor Covering Industries Committee of the OPA; member of the Chamber of Commerce of the State of New York; President of House of Rest, Yonkers, and is on the Advisory Board of the Yonkers Community Chest. Mr. Ewing served in the U. S. Army in World War I and graduated from Yale in 1921.

At a meeting of the Board of Trustees of the Title Guarantee and Trust Co. of New York held on April 18, Horace J. McAfee, a member of the firm of Simpson, Thacher & Bartlett, was elected a trustee of the company.

Harry E. Ward, Chairman of the Board of Irving Trust Co. of New York announced on April 14 the election of Grant W. Van Suan as assistant resident counsel of that company. Mr. Van Saun is a graduate of Lafayette College and Columbia Law School.

The election of two new Vice-Presidents, effective April 17, was announced on Apr. 16 by The Continental Bank & Trust Co. of New York. The new officers are Mark B. Peck, who has been Executive Vice-President and a director of The Bank of Westchester and before that was an officer of the National City Bank of New York, and Matthew E. Anglim, who has been manager of the Park Avenue branch of the Bank of The Manhattan Co. Mr. Peck will be assigned to the main office of the Continental Bank at 30 Broad Street and Mr. Anglim will be in charge of the Madison Avenue office. Mr. Peck was a member of the Board of Governors of the Westchester County Clearing House Association and is a director of the Hudson-Harlem Valley Servicing Corp. and the Westchester Realty Management Co.

Mr. Anglim was at one time with the National Park Bank of New York and later with the Guardian Trust Co. of Newark. He was an Assistant Vice-President of the Central National Bank when it was merged with the Bank of Manhattan Trust Co. (now the Bank of The Manhattan Co.). He was with the latter institution until he resigned on Mar. 31, last, to become an officer of the Continental Bank.

Under the new set-up the Madison Avenue and Seventh Avenue offices of the Continental Bank will operate as a midtown division under the direct supervision of Vice-President Carl C. Lang who will continue to be in charge of the Seventh Avenue office.

DeCoursey Fales, President of The Bank for Savings in the City of New York, at 220 Fourth Avenue, New York, New York's first savings bank, chartered 1819, announces that the Board of Trustees has authorized the establishment of a Savings Bank Life Insurance Department. This action is taken in connection with the celebration of the bank's 125th anniversary as a thrift institution.

The trustees of the will of James Stillman, who died on March 15, 1918, filed in the Surrogate's Court of New York County on April 14 their accounting covering the period from Jan. 31, 1942, the date of their previous accounting, to Jan. 13, 1944. The accounting shows that there are now existing, under the will of James Stillman, trusts of his residuary estate for the late James A. Stillman, a son who died Jan. 13, 1944; for Dr. Ernest G. Stillman, a son; for Elizabeth Stillman Williams, a granddaughter, and for Chauncey D. Stillman, a grandson. The account shows that the residuary trust for James A. Stillman has been subdivided into four separate trusts for the benefit of his four children.

To fill the vacancy in the trusteeships caused by the death of James A. Stillman, application is being made for the appointment of Timothy Goodrich Stillman, a son of Dr. Ernest G. Stillman, as a trustee of the trusts under the will for the benefit of his father; of The New York Trust Co. as a trustee of the trusts under the will for the benefit of James A. Stillman's four children, and of Louis B. Warren as trustee of the trusts for Elizabeth Stillman Williams and Chauncey D. Stillman.

Albert R. Wierling has been appointed Assistant Treasurer of the Buffalo Industrial Bank of Buffalo, N.. Y. He was for many years with the Liberty Bank of Buffalo and recently was assistant manager of Liberty's North Park office. He was also at one time connected with the Marine Trust Co. of Buffalo.

Lloyd C. Trott and A. Waldo Phinney, members of the loan department of the Merchants Cooperative Bank of Boston, have been appointed Assistant Treasurers of the bank; Henry H. Pierce, President, recently announced, according to the Boston "Herald."

George Herbert Zimmerman, Chairman of the Board of The Michigan Bank of Detroit, Mich., recently announced the election of Donald W. Squire as a director of the Michigan Bank. Mr. Squire has been Vice-President of the bank since last November and will continue active in the management. The Detroit "Free Press," in reporting this, also said Arvin L. Wheaton has been elected Vice-President of The Michigan Bank in charge of business development. Mr. Wheaton has been associated with The Michigan Bank since October of 1940 and has been active since that time in the expansion program of the bank, particularly in the development of FHA Title I modernization loans.

The Smackover State Bank, Smackover, Ark., became a member of the Federal Reserve Bank on April 11, according to the Federal Bank of St. Louis. The new member was chartered in 1928. It has a capital of $25,000, surplus of $25,000 and total resources of $937,826. Its officers are: J. E. Berry, President; Mike Berg, Vice-President; L. E. Tennyson, Jr., Cashier, and R. N. Manley, Assistant Cashier. The addition of the Smackover State Bank brings the total membership of the Federal Reserve Bank of St. Louis to 462. These member banks hold over 70% of the net deposits of all banking institutions in the Eighth District. This is the fifth State bank in this district to join the System in 1944. Seven joined during 1943.

Gregory Joins Faculty Of Banking School

William Logan Gregory, Vice-President of the Plaza Bank of St. Louis, Mo., has been appointed to the faculty of the Graduate School of Banking, it is announced by Dr. Harold Stonier, director of the School. Mr. Gregory will lecture on bank organization. The Graduate School of Banking is a school for advanced study for bank officers conducted by the American Bankers Association. It offers a two-year course including three resident sessions of two weeks each at Rutgers University in New Brunswick, New Jersey. The session at Rutgers this year will be from June 19 to July 1. Mr. Gregory is a graduate of the School in the class of 1937. He joined the staff of the Federal Reserve Bank in St. Louis in December of 1922. He became cashier of the Guaranty Bank & Trust Company, now the Plaza Bank of St. Louis, on Feb. 1, 1930. He was made Vice-President and elected to the Board of Directors of that institution in June, 1930. From May, 1941 to November, 1943, on leave of absence from the bank, he served as chief of the Forest Products Section, Import Division, of the Board of Economic Warfare, now the Foreign Economic Administration. Mr. Gregory was formerly Secretary and later President of the Associate Bankers of St. Louis. He is a member of the St. Louis Association of Credit Men, the Robert Morris Associates, the St. Louis Conference of Bank Auditors and Comptrollers, the American Economic Association, the American Statistical Association, the National Association of Cost Accountants, and the Bank Management Committee of the Missouri Bankers Association. He is Acting President of the Independent Bankers Association, director of the Better Business Bureau of St. Louis, and Assistant Treasurer of the St. Louis Win the Peace Forum.

Nathan To Address American Business Forum In N. Y. April 24

Robert R. Nathan, former WPB executive, economist and author of the recently released book "Mobilizing for Abundance," will be the guest of the American Business Congress at a dinner forum to be held in the Pennsylvania Hotel, New York, on April 24. Members of the American Business Congress and non-member business men desirous of learning more about the Nathan Plan will have an opportunity to hear Mr. Nathan speak and to discuss with him his ideas for post-war prosperity in America.

At a recent dinner symposium conducted by the American Business Congress at the Waldorf-Astoria on March 17, Vice-President Henry A. Wallace spoke of Mr. Nathan's book at some length after finishing his prepared address. As a result of the interest thus created the American Business Congress asked Mr. Nathan to be its guest in an effort to give business men who are giving serious thought to his plan, an opportunity to question him on his views about abundance in the post-war period. The American Business Congress has long been studying post-war planning and sees in this dinner an opportunity for business men to receive at first-hand the most modern opinions on the subject. The public is invited to attend.

Montana Clearing House Opposes Bill Permitting Member Banks To Absorb Exchange Charges

Stand Of FDIC Endorsing Legislation Also Opposed

Exception has been taken by the members of the Billings (Mont.) Clearing House Association to the stand of the Federal Deposit Insurance Corporation in endorsing the Brown (and Maybank) bills to prevent the Federal Reserve System from enforcing the regulation designed to check the absorption of exchange charges by member banks. The Association, comprising the following banks, Montana National Bank of Billings, Security Trust and Savings Bank of Billings and Midland National Bank of Billings, has addressed a letter to Leo T. Crowley, Chairman of the FDIC, setting out its opposition to the proposed legislation and to the views of the Corporation, in which it is stated that the Brown bill contributes "nothing to sound banking, but instead encourages unsound practices which have in the past proven disastrous to banking." The Association also declares that "the practice of non par banks in charging exchange is not ethical." "If it is just and equitable that 2,500 banks make this charge," says the Association, "then it should be just and equitable for all the banks. But if all banks did make the charge, so great would be the confusion, and jumble it would not be long before an Act of Congress would compel par clearance".

The Association's letter to Mr. Crowley follows:

Mr. Leo T. Crowley, Chairman,
Federal Deposit Insurance Corporation,
Washington, D. C.

Dear Mr. Crowley:

At a meeting of the Billings Clearing House Association held on March 22, your letter dated March 16, 1944, addressed to "Bankers" was brought to the attention of the members. After thorough discussion, I, as Secretary of the Association, was instructed to advise you that we do not concur in the statements contained in your letter, but are fully in accord with the minority report returned by the Banking Committee on House Bill 3956. Our opposition to the Bill is predicated on the following facts:

1. The exchange charge made by non par banks has been an enigma for years, has contributed to unfavorable public relations toward banks, has created ill feeling among bankers themselves, and consequently for the good of banking should be abolished.
2. The practice of charging exchange by the non par banks leads to confusion, additional clerical work and expense.
3. The absorption of exchange by correspondent banks has merely aided as a "cover up" for the non par banks, in that the payee or drawer of the check never knew that less than par had been remitted.
4. If a charge is to be made, it should be to the drawer of the check and not the payee or last endorser. Depositors are willing to pay a reasonable service charge and now is an opportune time to install such charges. Charging exchange on its own checks is the lazy way of getting revenue.
5. We do not believe that an honest effort has been made by the non par banks in making a survey to ascertain if reasonable service charges could not be substituted for the exchange charges. We are of the opinion that they could.
6. We do not believe that denial of these exchange charges would force any banks out of business. Iowa passed a law compelling par clearance and so far as we can determine no banks have been forced to close.
7. If absorption of exchange is legalized, it will be used as a vehicle with which to gain country bank accounts by city banks and large accounts of firms and corporations by any bank, eventually resulting in the "buying of business" at excessive prices, a practice which we believe contributed to the failure of many banks in the twenties.
8. We recommend you read, and enclose a copy herewith, the February 15 Bulletin of the National Association of Credit Men, which we regard as a fine exposition on the problem of non par clearance.
9. The Brown Bill (and the Maybank Bill, too) contributes nothing to sound banking but instead encourages unsound practices which have in the past proven disastrous to banking.
10. The practice of non par banks in charging exchange is not ethical to begin with. If it is just and equitable that 2,500 banks make this charge, then it should be just and equitable for all the banks. But if all banks did make the charge, so great would be the confusion and jumble it would not be long before an act of Congress would compel par clearance.

Yours very truly,
Billings Clearing House Ass'n
By H. D. Todd
Secretary and Manager

The opposition of the Federal Reserve Governors to the bill to permit the absorption of exchange charges was referred to in our issue of Mar. 2, page 921, wherein it was stated that the Federal Reserve position was challenged by the FDIC.

Economic Outlook Of West Indies Reviewed

Press advices from the Pan American Union at Washington announced that, continuing its survey of the Americas as viewed from the economic angle, "Commercial Pan America," monthly publication compiled in the Union's Division of Financial and Economic Information, presents a "Present and Future Outlook of the West Indies," in which, according to the introductory remarks, "some of the developments contributing to the expanded economic collaboration between the United States and the republics of the West Indies will be analyzed. It is pointed out that the products of this region are primarily agricultural and are being used to feed the Allied armies and civilian populations. It is added that a number of strategic crops, however, are now being raised in the West Indies, and many by-products of other crops are likewise of great strategic value. All these products as well as many minerals and other raw materials, are being used in the war effort to insure and speed the victory of the United Nations."

The study is to be divided into three parts, each covering one of the West Indian Republics. Part I —Cuba—will appear in the May, 1944, issue of the publication, while Parts II and III—the Dominican Republic and Haiti, respectively, will follow in the subsequent issue (June, 1944).

Pell Elected Member Of N. Y. Cotton Exchange

Eric Alliot, President of the New York Cotton Exchange, announced on April 15 the election of Allison Hodges Pell of the Pell Cotton Company, Charlotte, N. C., to membership on the Exchange. Mr. Pell is a cotton merchant and a member of the Memphis and Augusta Cotton Exchanges.